Daily Report

Latin America

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FBIS-LAT-94-066 *6 April 1994*

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Cuba

Robaina: Uruguay Willing To Negotiate Havana's Debt

FL0504161394 Havana Radio Progreso Network in Spanish 1100 GMT 5 Apr 94

[Text] Cuban Foreign Minister Roberto Robaina has announced in Montevideo that Uruguay is willing to negotiate [a no congelar] Havana's debt with Uruguay and to seek a solution that is favorable for both countries. Robaina made these statements minutes after his meeting with Enrique Braga, director of Uruguay's central bank.

Robaina met earlier with Uruguayan President Luis Alberto Lacalle, with whom he exchanged ideas on, among other issues, the upcoming Ibero-American Summit scheduled to be held in Cartagena de Indias, Colombia; the changes being made in certain areas of the Cuban economy; and preparations for the conference entitled "The Nation and the Emigre Community" scheduled to be held in Havana this month.

Robaina's agenda included meetings with General Liber Seregni Mosquera, president of the Uruguayan Broad Front; a very interesting meeting with the foreign relations committee of the Uruguayan Parliament, where Robaina explained our country's true situation; and meetings with Uruguayan intellectuals and Cubans residing in Montevideo.

Robaina's agenda for today includes talks between foreign ministries, a meeting with his Uruguayan counterpart Sergio Abreu, and contacts with several Montevideo television networks and Uruguay's most important newspapers.

U.S. 'Mobilization' Off East Coast Questioned

FL0504160294 Havana Radio Rebelde Network in Spanish 1155 GMT 5 Apr 94

[Text] Once again, the waters of the Atlantic Ocean and the eastern coasts of the United States will be the stage for military manuevers by U.S. naval, air, and land forces. These maneuevers are called the (Fleet-tex-2-94) Joint Exercise. Today's edition of the newspaper GRANMA points out that for the purpose of setting the inhabitants of all regions of the world at ease vis-a-vis the mobilization of its military forces, the U.S. Government usually announces that the maneuvers are routine or that they are merely innocent exercises.

In this case, GRANMA adds, the U.S. Department of Defense says its goal is to put its stamp of approval on a large portion of those forces to be mobilized to Europe. It is difficult to understand the essence of that idea when the allegedly innocent exercises include approximately 13,000 troops; 23 ships, including a nuclear-powered aircraft carrier; and more than 100 airplanes.

GRANMA, which is the official newspaper of the Central Committee of the Communist Party of Cuba, also emphasizes the participation of an Argentine destroyer and submarine, which join a very dangerous military buildup in regions very far from their home base. Last, GRANMA underscores the moral, derived from another Creole saying: The road to hell is paved with good intentions.

Havana: U.S. Acknowledges Drug Cooperation

FL0604000694 Havana Radio Rebelde Network in Spanish 1700 GMT 5 April 94

[Text] A U.S. State Department report acknowledges Cuba's cooperation in the war against international drug trafficking. This report confirms that Cuban authorities support antidrug policies. Cuban efforts in this regard include the interception of planes and ships, as well as supplying information to U.S. agencies involved in this struggle.

Argentina Signs Bilateral Antidrug Agreement

FL0604015994 Havana Radio Rebelde Network in Spanish 2300 GMT 5 Apr 94

[Text] A bilateral antidrug agreement for cooperation between Cuba and Argentina was signed this afternoon at the Foreign Ministry. The agreement was signed by Cuban Justice Minister Carlos Amat and Argentine Secretary of State [title as heard] Alberto Lestelle. Lestelle told the press that this agreement will trigger the development of relations between the two countries within a very short term.

[Begin Lestelle recording] The signing of this agreement implies, first of all, something very significant for the two countries. This agreement extends far beyond the regions, far beyond government decisions, and far beyond other problems. It will become the main gate between Argentina and Cuba for the treatment of other problems, which perhaps could be even more important than the drug issue.

During a week of work in the areas of health, education, and the police, each group will meet independently and prepare a program. This program will determine how we will be able to provide assistance to Cuba, and how Cuba can provide us with assistance as well. We are going to analyze this further on a later date, but I also think that Argentine Health Ministry officials must visit Cuba to see the development of the family doctor program. We have only a brief sketch of this in Argentina, nothing else. By virtue of these meetings, we must establish what we can do here and what you can do in Argentina. So this possibility must remain open. [end recording]

I wish to add that Dr. Lestelle heads an Argentine delegation that has been visiting Cuba for several days, seeking the signing of this cooperation agreement for the antidrug fight. I would also like to tell our listeners that Cuba is a signatory of the UN convention for the fight

against international drug trafficking and has agreed to sign bilateral agreements with many countries of the region.

Mitsubishi Confirms Investments in Country

FL0604021594 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 5 Apr 94

[Text] The Japanese Mitsubishi Company's presence in Cuba has been confirmed by the presentation and display of its automobile products. The Mitsubishi Company has been announced as the first Japanese company to establish a long-range business deal in Cuba. Also present in that investment is the Sumitomo Trading Corporation [name given in English], one of the largest automobile companies in Japan.

Mitsubishi declared the Panamanian company, International Engines, its representative in Cuba. This company has been operating in the Cuban automobile market for more than 10 years.

This is seen as a short-term investment with an immediate impact on the Cuban tourism sector, although the Japanese managers have expressed interest in extending their investments into other economic areas, and have confirmed their confidence in Cuban economic growth. The Cuban party said this investment implies the first economic rapprochement between Japan and Cuba.

Border Guards Thwart Guantanamo Naval Base Escape

FL0504234894 Havana Radio Rebelde Network in Spanish 2300 GMT 4 Apr 94

[Text] This weekend in Santiago de Cuba, border guard troops and workers of the Navegacion Caribe enterprise thwarted an act of naval piracy and kidnapping by people trying to illegally leave Cuba through the Guantanamo Naval Base: nine people, three women and two children, ages five and nine, in complicity with Angel Jesus Hernandez Laguna, the operator of a Navegacion Caribe self-propelled barge used in their escape attempt.

The barge was sighted in La Socapa area, before exiting Santiago de Cuba Bay, and was pursued by border guard troops for 50 minutes in an effort to make them give up their illegal plans. At Daiquiri Beach, members of the border guard and workers of the Navegacion Caribe enterprise boarded the barge without firearms, engaged in a man-to-man struggle, and managed to subdue the fugitives. This is how the chief of the operation, Lieutenant Colonel Lesmes Leal Lescay, described it:

[Begin Leal Lescay recording] During the struggle, the only injuries the six men sustained were blows; three of our comrades also sustained minor blows, some requiring four or five stitches. We were able to subdue the men without using firearms, in compliance with the guidelines issued by the minister of the Interior and the provincial and border guard chiefs. Throughout, we guaranteed that nothing would happen to the three women and two children. I took care of that, and once we had them, we were able to control the men and guarantee that nothing would happen to the women and children at any time. [end recording]

To prevent the illegal departure of these people, 20 border guard troops and workers of the Navegacion Caribe enterprise received the Interior Ministry's distinguished service medal, the 30 Years of Combat Fraternity pin, and the 20 Years of Committees for the Defense of the Revolution Vigilance pin.

Giron-94 Defense Response Exercise Begins in Havana

FL0604000594 Havana Radio Rebelde Network in Spanish 1700 GMT 5 Apr 94

[Text] The Giron-94 exercise began on 5 April in Havana with the participation of the joint forces of the Unified Vigilance and Protection System. The exercise is designed to test the effectiveness of the system's various command levels and the defense and rapid-response mechanisms of the forces of the Interior Ministry [Minint] and the rest of the political and mass organizations, with the direct participation of citizens in defending the Revolution. The exercise will last until 17 April and comprises the 15 Havana municipalities. Different operations will be conducted to neutralize possible counterrevolutionary or criminal acts within the city limits.

Jorge Lezcano Perez, Politburo member and first secretary of the Communist Party of Cuba [PCC] in Havana, top leaders of the provincial government, and high-level Minint and Revolutionary Armed Forces officers directing the exercise participated this morning in an important work meeting at the provincial headquarters of the PCC.

Further on Exercise

FL0604014994 Havana Radio Rebelde Network in Spanish 2300 GMT 5 Apr

[Report by Pepe Suarez]

[Text] Good evening, Cuba. The neutralization of a simulated enemy invasion of the town of Santa Fe on the western coast of Havana was the result achieved by the joint forces of the Unified Vigilance and Protection System [SUVP] of the Cuban capital, where the Giron-94 exercises began today. These exercises will be extended until 17 April in an effort to actively thwart criminal and antisocial actions.

In each locality of the capital, troops from the FAR [Revolutionary Armed Forces] and of the Minim [Interior Ministry], together with the fast-response brigades, are operating jointly with the troops of the political and social organizations under the command of the Joint General Staff of the SUVP to test the effectiveness of the command's guidelines and the revolutionary response capability against criminal and enemy actions.

Speaking with the inhabitants of Santa Fe in Havana City, Jorge Lezcano Perez, Politburo member and first secretary of the provincial committee in the capital, said the results of this operation, called Operation Dignity, were excellent. He also spoke with the people about Cubans who try to illegally leave the country and the risks these actions represent, both for the physical safety of the illegal runaways and for the Coast Guard troops who patrol our shores. Lezcano stressed the political manipulation conducted by the enemies of the Revolution, referring to the issue of illegal departures for the United States, and urged all revolutionaries who were there to offset any action that might tarnish the image and feelings of our people.

Giron-94 is already yielding its first political results, and on the field of operations, it will provide great surprises to those who might underestimate the defense and response capabilities of the Revolution.

Ricardo Alarcon Chairs Granma Deputies Meeting

FL0504234694 Havana Radio Progreso Network in Spanish 1100 GMT 5 Apr 94

[Text] According to the newspaper GRANMA, deputies have begun their analysis in preparation for the next session of the National Assembly of the People's Government [ANPP]. In Granma, ANPP President Ricardo Alarcon chaired the country's first meeting with deputies to analyze the results of Parliaments in the Workplaces and to note some of the ideas that could be used in preparation for the ANPP special session scheduled for 1 May.

Preliminary reports submitted by Deputy Ernesto Suarez, who is also an ANPP secretary, state that 3 million workers participated in the parliaments, by which the workers demonstrated their patriotism, honor, and willingness to do whatever might be necessary to save the Revolution. For that meeting, the ANPP president and seven permanent ANPP working committees visited Granma for the rendering of the province's accounts in preparation for the next special period of sessions of our parliament.

Rafael Dominguez Fernandez, president of the provincial government, released a report on the socioeconomic characteristics of Granma, its work objectives, and a rendering of its accounts. Also present were Deputy Jaime Crombet, who is a member of the Cuban Communist Party [PCC] Central Committee and vice president of the ANPP; and Alfredo Enriquez Pina, PCC first secretary.

Objectives, Training of Central Army Unit Outlined

FL0504234794 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 5 Apr 94

[Text] A special-assignment reconnaissance unit, which has been considered the vanguard unit of the FAR [Revolutionary Armed Forces] seven consecutive times, is a true example of the stability and strength of the Central Army, which is celebrating the 33d anniversary of its founding today.

[Begin recording] [Unidentified parachutist] I do not believe a parachutist is an amateur. A parachutist is a man capable of overcoming the fear that any man feels when he suddenly finds himself at a very high altitude, looks down, and realizes he is far from the earth.

[Second parachutist] It is not easy. When I was up in the sky, I looked down and things looked so small to me. That is the impression I had of things below. [end recording]

Although they may not admit it, they are surely exceptional men. This special unit has carried out two internationalist missions and is the best of its kind among the three Armies.

[Begin unidentified speaker recording, in progress] ...which we use to reach the enemy's rearguard and the area we want; that is, to carry out a reconoissance mission against the enemy.

This unit receives strong, overall special training, which includes physical training, target practice, tactics, and other aspects that make up the daily life of the troops. [end recording]

Skill, power, and diversity are the characteristics of these anonymous men, examples of willingness and commitment.

[Begin recording] [Reporter] What are the main objectives?

[Unidentified officer] Obviously, our main objectives are to maintain this condition and to remain the best unit of its kind within the FAR in the training being carried out. To achieve this, we are going to fulfill the seven major working guidelines of our Army, and thus, of our unit. [end recording]

Official Urges Measures To End Deforestation

FL0504180094 Havana Radio Progreso Network in Spanish 1100 GMT 5 Apr 94

[Text] At the council of the Ministry of Agriculture's national directorate, Vice Minister of Agriculture (Aguedo Morales) sharply criticized the indiscriminate chopping down of trees and theft and misappropriation of the wood, which are crimes against the nation's patrimony that affect the economy. (Morales) called for strong measures to avoid a repetition of such acts.

CTC Funds Earmarked for Pioneers Organization

FL0604003894 Havana Radio Rebelde Network in Spanish 1700 GMT 5 Apr 94

[Text] On 5 April, the Cuban Workers Federation [CTC] announced that beginning this year, it will financially sponsor the Jose Marti Pioneers organization. Pedro

Ross, Politburo member and secretary general of the CTC, made the announcement on 4 April in Camaguey following a ceremony marking the completion of the Jiguey Cayo-Romano Cayo Cruz causeway. Ross added that the decision was made on the basis of union dues contributed by the workers and which is their gift to the youngest organization in Cuba on its 33d anniversary, adding that 8 million pesos are already earmarked for that goal this year, thanks to expenditure reductions by the CTC. Ross pointed out that over the past three years, CTC expenditures have been less than 30 million pesos, and that in 1993 they were 28 million as the result of reductions in personnel rosters and other expenditures.

Workshop on Zoonosis Held in Ciego de Avila

FL0604003794 Havana Radio Progreso Network in Spanish 1100 GMT 5 Apr 94

[Text] Health specialists encouraged organizations to work together in the prevention of illnesses transmitted from animals to human beings, which in medical terms is known as zoonosis. During a national workshop in Ciego de Avila on the diseases that animals can communicate to humans, there was unanimity of opinion that this can not be a task of the Ministry of Public Health alone, but of other institutions and the population in general. A call was made to the Ministries of Sugar Industry, Agriculture, Education, Fishing Industry, and Veterinary Medicine to cooperate in that area.

Dr. Raul Cruz de la Paz, head of the national program for control of diseases transmitted by animals, pointed out that it is necessary to double preventative measures to prevent many of these cases. It was advised that in May, the Pedro Couri Institute of Tropical Medicine will begin experimentating with the Cuban vaccine against leptospirosis in human beings. Leptospirosis is the most dangerous disease transmitted by animals in Cuba. In 1993, 1,446 people were affected by this disease, of whom 75 died. The leptospirosis section of Ciego de Avila was classified as the best in the country, in 1993, for its complete and systematic work.

Central Committee Member Dies of 'Painful Illness'

FL0504160094 Havana Radio Rebelde Network in Spanish 0900 GMT 5 Apr 94

[Text] Comrade Eugenio Cuevas Ibanez, who had an outstanding record as a student leader and member of the Union of Young Communists [UJC] and the Communist Party of Cuba [PCC], has died at the age of 45, victim to a painful illness. Among the many positions he held, Cuevas was the first UJC secretary in Santiago de Cuba, a professional member of the Santiago de Cuba provincial PCC bureau, and first secretary of the PCC municipal committee in Palma Soriano. In 1992, he was elected first secretary of the Guantanamo provincial committee, a position he held as long as his health condition permitted.

At the time of his death, Cuevas was a member of the Central Committee of the PCC and a deputy of the National Assembly of the People's Government. His body can be viewed at the Bartolome Funeral Home in Santiago de Cuba. He will be buried today, 5 April, at the Santa Efigenia Cemetery at 1400 GMT.

Workers Call for End to Absenteeism

94CA0086A Havana TRABAJADORES in Spanish 28 Feb 94 p 2

[Editorial: "Absenteeism: A Challenge to Collective Self-Respect"]

[Text] We Cubans have come to the 99th anniversary of the Proclamation of Independence with a real feeling that the battle waged by those revolutionaries continues today without the actual fighting but with the same need to give our all for national freedom and sovereignty.

Nevertheless, a century later the Fatherland is summoning us not to our military duty to kill or be killed but rather to our civic duty to do better work so that we can preserve law and order, as well as our resistance, and development potential. If we fail to do so, if we lack the willpower and intelligence to build today, tomorrow the temptation will be great to bring Cuba to its knees by force, and we will be forced to fight on the battlefield, where courage, valor, and patriotism are gauged by what we destroy, not by what we build.

Today's army must be one of creators. Just as soldiers are given the opportunity to fight because of their willingness to observe discipline, Cuban workers must be more disciplined than they currently are in order to assure victory on the economic battlefield.

In this effort the chiefs play a vital role, as their own main disciplinary failing may be their inability or unwillingness to demand discipline from their subordinates.

Cuban workers, most of whom are also soldiers, know that a joint action will not be successful unless someone wisely directs the efforts of all towards success.

One group of workers using the same materials as another similar group, often does a disciplined, enthusiastic, and efficient job just because they have a real leader.

Leadership is not a privilege; it is a demanding responsibility. We need chiefs who do not look at numbers impassively, who do not become demoralized, who can appeal to honor and ethics, who are passionate about their work and their people, and who can by their example inspire their workers to move ahead and tackle problems.

One suspects that in many cases the high level of worker absenteeism is due to cowardly chiefs and union leaders who do not understand their political function and fail to demand administrative action against labor indiscipline.

In their parliamentary meetings the workers are vigorously denouncing absenteeism, although they understand the current transportation difficulties and other limitations.

There is strong criticism of the people who regularly fail to show up for work. In many instances this small minority is to blame for the statistics that are giving everyone a bad image.

At thousands of assemblies the workers have expressed their desire to put an end to the lack of control over the issuance of medical certificates and over the protracted process of specialist reports on illnesses. In some cases these excuses are denounced as mere legal pretexts that conceal a lack of conscientiousness. In many places it is being argued that a limit must be set on the number of days a year a worker can avoid doing his duty on such grounds.

All of this contrasts with the simplistic approach to the problem of absenteeism at other centers. The managers and the unions there do not seem to realize that when they admit an absenteeism rate of 9 percent, for example, they are saying that they are not working one month a year. And we are talking here about a far from exaggerated rate, in light of the actual numbers.

In the wake of the work-center assemblies, where there was so much discussion about efficiency, without which the country's economic recovery is impossible, managers, unions, and workers have no choice but to devote themselves to reducing these high rates of absenteeism, because there can be no talk of efficiency in places that stop working one or two months a year.

We must show an elementary sense of social responsibility towards and solidarity with the many workers who are evincing true patriotism and conscientiousness. They are the ones who get up when it is still dark and return to their homes by moonlight, who do farm and other work often with worn out soles, who work double shifts at hospitals so that patients are cared for, and who do not flag in their daily duties in order to save the Fatherland with hard work, intelligence, and honor.

It is true that being on time for work is not the be-all and end-all of discipline. But if this primary obligation is not observed, if this elementary rule is not complied with, it cannot be denied that very little can be done to improve technological and economic discipline at work centers.

During these early months of the year we have made great progress in grasping the problems facing us. The year 1994 must not close without clear-cut gains in reducing absenteeism.

Prescriptions are not necessary. Each work center must do what each town demands. But also, in each town the problem of absenteeism must be a challenge to collective self-respect, to the expertise of chiefs, and to the prestige of the union section.

Haiti

Parties Intensify Political Dealings

FL0504225394 Port-au-Prince Radio Metropole in French 1045 GMT 5 Apr 94

[Text] Political dealings are becoming more intense in the Haitian capital in an effort to compel parliament to fill the institutional vacuum left when the government of Prime Minister Robert Malval resigned on 15 December 1993. Right after the Easter truce, political parties that rallied together in a coalition addressed the Haitian legislators. Until now, steps taken have been in political meetings, but now tend to extend beyond this scope into the street. The party leaders behind this movement are insistently asking for the application of the Constitution's Article 149, and are threatening to mobilize the population, their crowd of supporters, in the next few days. A first step might have been taken with the public radio announcements calling the senators and deputies to action in solving the crisis. More should perhaps be known today with the conference to be held by the Coordinating Committee for National Mobilization.

Socialist Bloc Supports Parliamentary Plan

FL0604011394 Port-au-Prince Signal FM Radio in French 1030 GMT 5 Apr 94

[Excerpts] We are moving toward a straightforward rejection of the resolution of the Coordinating Committee for National Mobilization, a resolution enjoining parliament to implement Article 149 of the Constitution. The main political bloc within the Chamber of Deputies, the socialist bloc, is adhering to the parliamentary plan waiting to be ratified in the Senate of the Republic. Daly Valet who had an interview with the president of the socialist bloc, Deputy Duly Brutus, tells us more:

[Begin recording, in Creole] [Valet] The Easter season had a calming effect on all the political sectors that were pressuring the parliament to implement Article 149 and close the file on the 16 December [1991] president. The Easter season has ended and the political battle has resumed. No new solution has been proposed. The same ideas are being discussed. The political leaders are ruminating over the same proposals. Thus, the plan of the Action Committee for National Reconciliation, the Front for Haitian Advancement and Progress, and the Mobilization for National Development, which have formed an alliance, has a chance of being discussed in the Chamber of Deputies this week. This plan, which provides for the formation of an ad hoc government, has every chance of being rejected in the Chamber of Deputies because the principal political blocs remain attached to the parliamentary plan that was approved by the Chamber. On that score, the position of the president of the socialist bloc is quite clear.

[Brutus] As president of the socialist bloc, I can tell you that for the time being, our position remains uncharged. [passage omitted] Our position remains the same; that is,

we are supporting the plan that was accepted in Washington among parliamentarians and was ratified in the Chamber of Deputies.

[Valet] The U.S. Government's arbitrary position, that is, involving itself in getting a plan signed that it will later boycott, has caused some parliamentarians to be apprehensive. These parliamentarians say they cannot understand why the U.S. Government says it supports the parliamentary plan, but has proposed a new plan called the synchronous plan. But in the opinion of other parliamentarians, like Duly Brutus, there is not much difference between the parliamentary plan and the U.S. plan. If there is any difference, the deputy says, it is in the way the two plans have been written and in their length. [passage omitted] [end recording]

Last Operating Vetiver Essence Plant To Close

FL0504132494 Port-au-Prince Signal FM Radio in French 1130 GMT 31 Mar 94

[Text] Over 200 employees of a factory are threatened with unemployment in view of the grave fuel crisis being experienced by the country for some months and the problem of power cuts. Let us listen to a report by our correspondent for the [Les Cayes] area, Henrisma Robert:

[Begin Robert recording in progress] ...the only one out of 10 vetiver essence factories in the Les Cayes area has decided to shut down. Their fuel reserves have run out. The owners of those factories...[pauses] We met, for example, with Mr. (Eugene), who said he wanted to keep one of the three vetiver essence factories he owns, located near (Ravine du Sud), operating. This factory owner told us is he doing his best not to shut down because he employs more than 200 heads of household who have no other job. Moreover, said (Eugene), southern Haiti alone produces over 80 percent of the vetiver essence on the national market, so this product constitutes an important source of income for the southern region. (Eugene) explained, however, that given the difficulties he is facing because of the gasoline and gasoil problem and the high cost of materiel that has broken down or needs replacing, he is going to put an end, over the weekend, to the operations of the only factory operating in Les Cayes. The question many people are asking now is: When will the Dessalines [sugar] Company follow suit?

This is Henrisma Robert from Les Cayes for Signal FM. [end recording]

Salinas Appoints New Chief of Presidency Office

PA0504202094 Mexico City NOTIMEX in Spanish 1905 GMT 5 Apr 94

[Text] Mexico City, 5 Apr (NOTIMEX)—It was reported today that Mexican President Carlos Salinas de Gortari designated Santiago Onate Laborde as chief of the Office of the Presidency of the republic. A communique from the Presidency states that Onate replaces Jose Cordoba Montoya, recently appointed Mexican representative to the Inter-American Development Bank.

Onate Laborde has been Mexico's permanent representative to the OAS (1991-92), federal attorney for protection of the environment (1992-93), and federal deputy (1985-88). Before his appointment, Onate was secretary of international affairs of the National Executive Committee of the ruling Institutional Revolutionary Party.

PRI Secretary General Sworn In; Zedillo Manager Named

PA0504152394 Mexico City Canal 13 Television Azteca Network in Spanish 1424 GMT 5 Apr 94

[Report by Raul Sanchez Carrillo from the "Early Morning" newscast]

[Text] Now, we are at the Political Council of the National Executive Committee of the Institutional Revolutionary Party [PRI]. Ignacio Pichardo Pagaza was sworn in as secretary general of the PRI National Executive Committee a few minutes ago. Ignacio Pichardo Pagaza, who was former governor of Mexico State, will replace Jose Luis La Madrid Sauza, who resigned yesterday to accept the post of campaign coordinator for PRI presidential candidate Ernesto Zedillo Ponce de Leon.

Here at the Political Council, headed by Fernando Ortiz Arana as president of the National Executive Committee of the PRI, the election of Ignacio Pichardo Pagaza was unanimous. Representatives of the three groups that make up the party brought him to this room where the event is being held.

Currently, an agreement is being read which states that on orders from the candidate, Zedillo Ponce de Leon, himself, the mourning for the death of Luis Donaldo Colosio, who was cowardly assassinated, will be perpetuated within the party. His political ideology will be respected and fulfilled so as to strengthen the new presidential candidate.

Zedillo Discusses National Situation

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[Interview with Ernesto Zedillo, presidential candidate for Mexico's Institutional Revolutionary Party, by Jacobo Zabludovsky at the network's studio in Mexico City—live or recorded]

[Text] [Zabludovsky] Dr. Zedillo, thank you for being with us this evening.

[Zedillo] Thank you for inviting me.

[Zabludovsky] Dr. Zedillo, a few days ago you were the coordinator of Luis Donaldo Colosio's campaign. After his tragic demise, you are now a presidential candidate, as a result of your party's decision. What are your feelings? How do you feel?

[Zedillo] First, I think that like all Mexicans, I have a deep and heartfelt feeling of pain over the tragic death of Luis Donaldo Colosio. Like all Mexicans, it is my great hope this crime will be cleared up very soon and that all Mexicans will know the truth about the assassination of Luis Donaldo Colosio. It is a desire, a demand which we all make. Also, I am firmly determined to assume the responsibility given me by my party.

[Zabludovsky] You have said that you will continue what Mr. Colosio began. How do you view this presidential race?

[Zedillo] I see it as highly competitive. The parties that are different from mine, the PRI [Institutional Revolutionary Party], are serious, organized political organizations that have been working quite effectively and arduously in their campaigns. I can see that all the presidential candidates deserve my utmost respect and consideration. They are conducting intense political activities. I clearly recognize that this is a competitive race in which our party will face serious contenders. At the same time, however, I am convinced the voters, the Mexican people, on learning about the background of the different candidates and on learning about the different platforms each of us is proposing to solve the problems of Mexico, will choose the option I represent.

[Zabludovsky] You speak about experience, your background in public service. In a nutshell, what is that background?

[Zedillo] In a nutshell, it dates back to many years of experience, exactly 25 years ago. I began as an assistant auditor in the National Bank of the Army and Navy. Later, in the early 1970's, I went over to the Presidency Secretariat. After that, I left to study abroad. Upon my return, I worked in the Banco de Mexico for several years. Later, after 1987, I was appointed by the president as undersecretary for programming and budget. On 1 September 1988, I was appointed programming and budget secretary. In early 1992, I held the post of public education secretary. It is a 25-year career that has taken me to different sectors of public administration, two of the most modest posts, and to the post of state secretary.

[Zabludovsky] Dr. Zedillo, we are especially interested in hearing about your experiences as state secretary. First, can you expand a bit on what you did when you were undersecretary in the Programming and Budget Secretariat and when you headed that Secretariat?

[Zedillo] With great pleasure. There is something that I consider singular in my experience as undersecretary: that was participating in the drafting and implementation of the first national pact designed to banish the threat of hyperinflation, which loomed large over us in late 1987. Perhaps this action by the government was particularly important for the country's development. Above all, it was important for the people's welfare because inflation at that time hit the poor sectors especially hard, as it did salaried workers; those whose buying power deteriorates constantly with inflation. Hence, my satisfaction at having been there at that time and having participated at that moment in the overall planning for several years, which we must consider successful.

[Zabludovsky] Dr. Zedillo, that satisfaction of which you speak, the economic achievements in which you played a leading role to create the economic system we now have in Mexico, has been criticized by many people. Not only has it been criticized, but changes in the economic system have been accused of causing all our ailments. What do you say?

[Zedillo] I would respectfully but emphatically oppose that view. We have to recognize, and I would be the first to recognize, the serious problems we still have in our country. In our country, there are many Mexicans, millions of Mexicans, who are living in extreme poverty. These are Mexicans who lack the most essential necessities. They are facing a situation of marked inequality, not only among people but among regions of the country.

It would be absurd to assume an air of triumph when confronted with this reality. Likewise, I believe we should not deny the merit of what has been done in the past few years. It was the product of efforts not only by the government but by Mexican society as a whole. We have spent these years facing our country's deepest crisis in decades. We have laid the groundwork for a future that holds better opportunities for all Mexicans. It has been complex work, work that has led us to reform different aspects of national life, but I believe we can truly say that the transformation has been implemented with the Mexican people's welfare in mind.

If you allow me, I would like to cite a specific example. A while ago you asked me about my work at the Planning and Budget Secretariat. One of the essential aspects of that work was making sure that public finances would stop being the principal cause of inflation. We went from a huge deficit in public resources needed to cover public spending to a situation where we had virtual equilibrium.

That was necessary to bring inflation under control, to restore minimum order to the economy. But the great merit of this economic policy was that not only public finances achieved equilibrium and even surplus, but that an unprecedented policy was applied to increase social spending in our country. This is the most important spending because it is spending on people, on human beings. Just as we were achieving equilibrium in our public finances, our social spending went from nearly 30 percent of total public sector spending to 50 percent during the first three years of this administration, when I was planning and budget secretary.

I believe that is the outlook that must be adopted when analyzing efforts by all Mexicans over the last few years. We have to look ahead. We have to recognize that renewal is necessary in many aspects of the national life. Changes will be necessary, but these changes will always have to be oriented by the need to first serve the Mexican people. We must not diminish the value of efforts of so many people in the past few years.

[Zabludovsky] Bearing this in mind, what is the future of the NAFTA?

[Zedillo] NAFTA, as the other measures to open up trade, must only be seen as one of the many instruments we have obtained in the last few years to generate better job opportunities, better wage opportunities for Mexicans. That is the treaty's role. We must not confuse the means with the end; the end is the welfare of each Mexican family. NAFTA is one of the many means we have available to increase the welfare of the Mexican family.

[Zabludovsky] You were also recently in charge of the Public Education Secretariat. As public education secretary, what were your most important experiences during your tenure?

[Zedillo] I came into the Public Education Secretariat with instructions from the president to promote and coordinate, with the participation of many people, thorough and profound educational reform. This plan for educational reform was based on an very basic-level diagnosis of the condition of our country's schools and educational system. We were facing a severe problem with centralization and bureaucracy in our country's basic education system. As a result, the first instruction I received was to reach an agreement with the governments of each state and with the largest labor union in Latin America, the National Teachers Union, on the federalization or decentralization of the basic education system. This means that all those schools, elementary schools and high schools, that were supervised in all aspects from Mexico City, had to be transferred to the governments of each state so that the government authority would be closer to the interests, the needs of the school itself. This was necessary in laying the groundwork for a new educational system. It was a very complex political, administrative, and financial endeavor.

Some months later, thanks to the participation, in the first place, of the union, which played a key role in this decision and its implementation, and thanks to state governments, we were able to undertake what must be viewed as one of the largest decentralization operations in the world. We handed over to local governments 100,000 schools, 13.5 million students, 700,000 education workers, and a budget of 20 billion new pesos. This was the budget already earmarked for education by the federal government plus an additional amount to

improve the operation of said schools. I think this is a very important example because it sets a guideline for the future.

This shows the federal government's determination, based on political consensus, to transfer authority, responsibility, and resources to local governments. People must have confidence in local governments because they are closer to the people. This was the first aspect of educational reform.

We also set out to revise for the first time in 20 years the lesson plans and programs which had been in force since 1972. Thanks to this reform of lesson plans and programs we were able to satisfy, within the educational system, long-standing desires of parents and teachers. For instance, we reinstated the way in which we learned our national language, that is by emphasizing reading and writing instead of the structural linguistics to which children were being exposed since the first grade of elementary school. We decided to teach children mathematics the way in which you and I were taught, with numbers, basic mathematics, and, above all, problem solving.

Something especially rewarding to those who participated in that reform was the reinstatement of the systematic study of the history of the fatherland, national geography, and civic values, which were lost in the 1972 reform. Parents and teachers had demanded that the aforementioned subjects be reinstated.

Also as secretary of public education, but always as part of a large team and counting on the support of many people and the union, we undertook an academic reform in the higher technological institutes of the country, which number about 130. This was the first in-depth reform since the creation of technological institutes.

It was also very rewarding to have participated in the consolidation of the national system of researchers, to have taken part toward the end of my term as public education secretary in the creation of the national system of authors, and to have presided over the in-depth reform of the National Council of Science and Technology and in general of all the institutions for scientific and technological research in our country.

Education is truly one of the most satisfying areas in my public life, for what it represents for Mexico and for the contact I established with teachers, Mexican children, and parents. There is no nobler task than education.

[Zabludovsky] While you were at the helm of the Public Education Secretariat, the measures adopted by the government were not superficial. A profound transformation was effected.

[Zedillo] These were the instructions of the president of the republic, to institute profound reform. During the implementation of said reform, Article 3 of the Constitution was reformed. This reform is very important because it established, for the first time in our Constitution, the right to education. Paradoxically, our Constitution did not guarantee this right. This reform established secondary education as mandatory for all people and as a mandatory obligation of the state. This did not exist before.

It was also very satisfying that this reform of Article 3 of the Constitution received support from all political parties in our country. Until that time, there was no precedent for constitutional reform of the kind approved for Article 3.

Another indication that the reform was structural is the fact that the process generated a new general education law, based on the new foresight the educational system should have. This new general education law, which I believe is innovative legislation, was approved by over 90 percent of the deputies present for the debates on this new legal instrument. I agree that the main objective of this was to implement profound reform. This reform is already in motion, it is being applied, and it will surely bear fruit in the coming years.

[Zabludovsky] I also believe, Mr. Zedillo, that one of the consequences of this deep transformation of our educational system was that it brought together all sectors of society to participate in a very intense public debate. The debate took several months. People expressed their opinion and managed to guide certain solutions in the field of public education.

[Zedillo] That is right. There was a big debate on several issues. One was the issue of decentralization. Thanks to a very complex but very interesting negotiation with the union, which I personally found very enlightening, we approved the federalization of the education system. There was a debate of the Education Secretariat's decision to reinstate the systematic study of Mexican history and how we would provide the children emergency study material—as we called it at the time—to study Mexican history, once the Secretariat issued the order. There were many differences of opinion over these books. In the end, however, the result was clear: the study of Mexican history was reintroduced, after 20 years of absence from Mexican schools. We laid the foundations and established the criteria to produce, write, and edit new and more specific textbooks, which Mexican children are using today. The debates and the controversy were well worth our while.

[Zabludovsky] We know the country has many problems, all of which would be difficult to enumerate. Of all of these problems we Mexicans face, which do you believe are the most important?

[Zedillo] Mr. Zabludovsky, I believe our country faces many problems, but given your question and in an effort to summarize, I would say that we face four basic problems.

First, we must recognize that there is a serious problem with injustice and insecurity in our country. It would be

wrong to deny this reality. The second problem is unemployment. This is a problem that, by the way, has worsened recently. Unemployment has worsened significantly during the past year, after several years of improvement. The third very serious problem I see is the very low, and in many cases, insufficient income of our country's working classes. The fourth serious problem I see is the enormous social imbalance that persists in our country. Consequently, we have the conditions of poverty in which many Mexicans live.

I would rather not assign these problems specific priorities. Each is as important as the others. Furthermore, I believe it will be difficult to address any one of them without seriously and decidedly addressing the others.

[Zabludovsky] There we have four serious problems. How do we plan? Admitting that we need to very closely examine our system for administering justice. This means we need to evaluate our justice system's current situation and have the Congress examine the results. Then, if need be, they can approve the appropriate reforms that will permit the judicial system to execute its basic duty more efficiently.

The other three problems that you have mentioned are very interconnected. They are social and economic problems. One is unemployment, another is the working class' low salaries, and the fourth problem you mention is poverty in general. Let us group them together. I would like to ask: How do you plan to confront this situation that so concerns and obsesses all Mexicans? I am talking about solutions to the problems of poverty and economic inequality.

[Zedillo] I think these four problems must be solved in an integrated, development-oriented fashion. We cannot just deal with one problem at a time. We must take the four problems as one. Thus we can identify at least four areas in which the government can act.

First, we need to strengthen justice and democracy in our country. We need to have fairer laws that can be better applied. This speaks to the issue of the country's social, economic, and political life. If we do not take care of these problems, we will have serious difficulties in confronting the other problems. The first thing we must do is strengthen justice and democracy.

The second area for action is social development, which is nothing more than investment in human beings. We have to spend more on education, health, housing, basic urban services, and social security, this with our retirees in mind. We need an extremely ambitious social policy. Through this extremely ambitious policy, citizens will be more aware of their rights but also more willing and able to participate in national life.

The third part of the solution necessarily has to do with the problem of competitiveness or productivity of each person, in each company, and in each economic unit. These are the microeconomic aspects of development.

The fourth issue we already know about. It concerns the country's economic stability, which is necessary but not sufficient, I admit, for the nation's development. The country needs financial and price stability, things that we have achieved in the past few years through great effort.

The four issues are justice and democracy, social development, productivity, and economic stability. If we can come up with an integrated—I believe this is completely feasible—policy that includes these four issues, we will create a virtual circle of economic growth at a higher pace than in the past, accompanied by price stability and an indubitably more equitable distribution of wealth. This will help us progressively—and we hope rapidly—eliminate the conditions of extreme poverty in which many Mexicans live.

[Zabludovsky] We cannot avoid discussing a problem that emerged on 1 January. We can call it the Chiapas problem. How do you view this problem, and how do you view the peace process?

[Zedillo] First, I believe that, as all Mexicans have, I must express my feelings regarding the regrettable social conditions behind this problem. Poverty, backwardness, lack of education, and lack of health services are all at the root of this problem. We must accept this first. We must recognize that these conditions exist in Chiapas and other parts of our country. We have a great responsibility as Mexicans to face these social conditions that are so regrettable.

At the same time, with all due respect, with all frankness, I deplore the use of violence in the country under any circumstances.

I believe that in the face of what has happened, it was very fortunate our Army acted to protect national security, sovereignty, and peace. At the same time, I am very satisfied the government of the republic immediately sought peaceful ways to resolve this conflict. In this regard, I want to take this opportunity to express my full support for the job the president of the republic and his government have done to achieve a peaceful solution in Chiapas.

I support the government's decisions. I support each and every one of the steps it has taken through its representatives, especially the commissioner for peace, so we can soon attain an absolutely peaceful solution which can guarantee that we Mexicans will remain united.

[Zabludovsky] Dr. Zedillo, returning to Mexico's problems, what are your plans for Mexicans' health?

[Zedillo] The health problem is very important. Historically, in past decades, although Mexico has made great strides in extending its health care, we have to recognize that public health care is still insufficient. Even more serious, however, is that the health care system has not reached the country's poorest sectors. In the coming years, therefore, we must make an enormous effort to build more hospitals, increase the numbers of doctors and nurses, and guarantee that there will not be a single

Mexican in this country who does not have access to this service. Of course, in the case of people who do not have access to social security, through the Mexican Social Security Institute and other institutions, we must ensure that the state's free medical service will take care of them. This is fundamental for humanitarian reasons. Nobody thinks there should be human suffering as a result of illness, or even death, as happens in many cases. Also, for economic reasons, we need better health in order to work better, produce more, earn higher incomes, and ensure income for all society. We must assume an enormous commitment to achieve better health for all Nexicans.

[Zabludovsky] One of Mexico's main problems is the countryside, Dr. Zedillo.

[Zedillo] I believe this is one of the state's most important areas of action. Approximately 28 percent of the country's total population, virtually 30 percent of Mexicans, live in rural areas.

We have two types of problems. Please accept my simplification. On the one hand, we have an acute social problem in the countryside. The poorest of the poor live in the countryside. The greatest needs for education, health, housing, potable water, and electricity are precisely there in the countryside.

But we also have a production problem. We have a situation where it has become increasingly difficult to have the Mexican countryside produce products demanded by the Mexican people for their sustenance. We must therefore attack problems in those two areas. We must have a very ambitious social policy to attack the root of that existing rural poverty. We must have a strategy to attack production problems.

The answer, as I said earlier, is to invest in human beings, which is the most important thing. Also, with regard to production, I think we must act on several fronts. We must apply, with great justice, Article 27 of the Constitution and reform the laws. We must invest in infrastructure, in technical assistance for the countryside. We must invest in training for farmers, support them in developing the new marketing system, and make sure that they obtain timely and sufficient credit—as they say now—at competitive costs. If they are to compete abroad, we must make sure that we give them competitive conditions. A fundamental factor in the countryside is credit. We cannot expect farmers to compete with imported foodstuffs unless we make sure that they also have raw materials and elements obtained at competitive prices on the international market.

I think it is a very important and complex task, but I am sure the transformation of the Mexican countryside can be achieved. With a strong social policy and with a coherent policy for increasing productivity in the countryside, we can help many million Mexicans living there to overcome conditions of extreme poverty that affect them.

[Zabludovsky] Doctor, in your proposal, what is the role of small and medium-sized businesses?

[Zedillo] Micro-, small-, and medium-sized businesses have always played a fundamental role in the economic life of the country. Some 52 percent of the jobs in Mexico are generated by these businesses. Some 98 percent of businesses in our country are either small or medium-sized. There are 1.3 million micro-, small-, and medium-sized businesses.

Evidently, the state and society must pay close attention to small and medium-sized businesses. It is not a matter of paternalism. Those businessmen would be the first to reject turning the clock back. I have many friends who are small businessmen, who have assumed with great dignity their new responsibility in light of the new circumstances but who also asked that they not be left alone. We must promote small and medium-sized businesses.

I believe there are very specific ways to achieve this. In the first place, the whole process must be made easier for them. All the red tape that encumbers small and medium businessmen must be eliminated. I am referring to the various regulations, including of course those related to taxes.

In the second place, it is necessary to know that for these businesses to succeed, they need to be up-to-date technologically. I believe that given the number of those businesses, specific state action is required, without paternalism, so they become aware of the need to seek new technology. All opportunities must be provided for this modernization to take place.

In the third place, I think it is very important for the state and businessmen to unite, making unprecedented efforts in Mexico's history to train the work force. In my opinion, this is one of the most significant challenges we face in the coming years. I believe this is possible because there is a great deal of experience in our country in this field. The problem is that the effort has not been widespread.

In the fourth place, it is also very important to foster models for partnerships among these types of businesses. Therefore, sir, I realize there is a very serious problem with regard to the small-, micro-, and medium-sized businesses. I am also convinced, however, there are solutions, and if these are applied we can overcome the obstacles. This is very important for all Mexicans that this occur.

[Zabludovsky] Doctor, what is democracy's role here?

[Zedillo] As I said before, we cannot seek to progress in one area of the nation's development and lag behind in another. Democracy is one of the fundamental political principles of the Mexican nation. It has been around since our Constitutions were drawn up during the last century. Democracy started the Mexican revolution: the holding of elections without reelection. This political principle was clearly established in the 1917 Constitution, and therefore it is a principle that Mexicans must honor every day.

I must admit that this is an incomplete process. Our democracy can still be more perfect; a great deal of progress still has to be made. Nevertheless, I have a great deal of faith that if we can sustain that momentum, that drive in the progress made in the past years, very shortly all Mexicans will be able to say: We live in a fully and absolutely democratic nation. I believe, sir, that progress in democracy is imperative to progress in the other sectors of the nation's life.

[Zabludovsky] So then, as candidate for president, who does Ernesto Zedillo call on to do this?

[Zedillo] I call on all Mexicans who are willing to work so that at the beginning of the 21st century Mexico can be a sovereign and united country, a country that lives in peace and progress, a country that has left way behind very serious problems of inequality and poverty, a fully democratic country, as I said earlier. I call on all Mexicans who want to work to build the country in which we all believe and about which we all dream to participate with me in this election.

[Zabludovsky] What do you think of the other candidates? Do you think a debate would be useful?

[Zedillo] As I said earlier, I have great respect for and hold in high esteem the other candidates for president. I agree with Colosio and the other candidates that a debate is necessary. It is necessary to present to the Mexican people not only the problems of which we are all aware but also the proposals for solving those problems. I want my proposals to face off against the proposals of the other candidates. The Mexican people should be given an opportunity to compare these proposals so that everyone can cast his vote freely on 21 August. And I expect the voters to cast their votes for me after they have compared the different proposals. As I said earlier, I have assumed this responsibility with determination, and I want to be president of the republic.

[Zabludovsky] Dr. Zedillo, is Mexico's existing electoral system reliable?

[Zedillo] My answer is yes. May I explain? First, in recent years, the Federal Congress or rather the Constituent Congress in the case of the Constitution—or the Permanent Constituent Congress, as it is called, juridically speaking—and the Federal Congress, in the case of Cofipe [Federal Code of Electoral Institutions and Procedures], has implemented a number of very important reforms. At least two basic facts can be pointed out in connection with these reforms: the existence of autonomous electoral institutions and the existence of an exemplary list of names, exemplary because of its outline, control, and verification characteristics. These reforms, which are very important, provide a much more trustworthy electoral system than the one we had up until a few years ago.

In addition, I must point out that the proposals PRI has drafted in past years to reinforce this electoral system and the proposals of other parties have crystallized, through consensus, in decisions to improve the electoral system. I have to recall that, on 27 January, the candidates for president from eight political parties signed an agreement for peace, democracy, and justice. Based on this agreement, the parties reached a consensus to reform Article 41 of the Constitution. This reformed article will surely be translated now into action as additional reforms to Cofipe. This enables us to expect—we truly desire it and I fully endorse all of these agreements, as well as any others that derive from the Cofipe reform—that we will have a fully reliable electoral system for the coming elections. So my answer is yes, we will have pure elections by virtue of all the effort made in the past few years.

[Zabludovsky] Speaking of political parties, how long have you been an active member of the PRI?

[Zedillo] Formally, since 1971, when I started activities at the Institute for Political, Economic, and Social Studies with then deputy director Leopoldo Solis. From a family standpoint, I can say I have been a party member for a long, long time. I am the son of an active female member of [words indistinct], who became leader in my state, and a PRI political activist, who always took me by the hand to all her activities. So I can say that I have been a proud member of the PRI since very early in my life because of my mother's influence, and formally a member since 1971.

[Zabludovsky] In light of the new laws, how do you view church-state relations, Dr. Zedillo?

[Zedillo] This is a very complex matter. Of course, I endorse and support the amendments of Article 130 of the Constitution approved two or three years ago. At the same time, I would like to point out some aspects of Article 130 of the Constitution. The role of the state has been historically defined. The state must preserve and defend national sovereignty, encourage and enforce just laws, and look after the people's general well-being. In other words, the state's role is more on the material side. The church's role, on the other hand, has to do with the people's consciences and beliefs and therefore is on the spiritual side. Hence, it is very important to have a clear separation between the activities of the state and the church. This is a tradition and a concept with deep historical roots in our country. I would like to reiterate my support for the amendments of Article 130 of our Constitution, stressing the importance of maintaining the separation, not only in the Constitution, but through actions, between the church and the state. I believe this is very important for national coexistence.

[Zabludovsky] I would like to make a pause between political and economic matters. Please tell us about the person named Ernesto Zedillo.

[Zedillo, laughing] Well, I am a normal person. I come from a large family. My mother, who died when she was relatively young, was born in Irapuato, Guanajuato. My father was born here in Mexico City in the Morelos neighborhood, between Sastreria and San Antonio Tomatlan. He was born and raised in a house that still

stands. My grandmother lived there until not too long ago. She died the day I was appointed general manager of the campaign. I have two brothers and three sisters. I have a family, as a man of my age normally does. My wife's name is Patricia. We have been married almost 20 years. We met when we were students at the Higher Economy School. Later on I became her teacher. She was a good student. We got married and now have five children: Ernesto, Emiliano, Carlos, Linda Patricia, and Rodrigo. We are a normal and loving family, very united, as are all Mexican families.

[Zabludovsky] Did you say your mother passed away?

[Zedillo] Yes, very young.

[Zabludovsky] How old were you when she died?

[Zedillo] I was 18 or 19. It was a hard blow.

[Zabludovsky] Is the Morelos neighborhood north of La Merced?

[Zedillo] Yes, the house is near the former penitentiary. It is still there. That is where I lived as a student in Mexico City, in the Morelos neighborhood.

[Zabludovsky] Where else have you lived?

[Zedillo, laughing] I have lived in many houses. The list would be too long. We lived in Mexicali when we arrived in Pueblo Nuevo, which is a very dear and traditional neighborhood. We then moved to the newest part of the city. When I arrived in Mexico City I lived with my grandparents for a while in the Morelos neighborhood, then I moved to Jardin Balbuena. I am now living in La Magdalena, Contreras, where you are welcome to visit any time.

[Zabludovsky] Thank you. We gather from your biography that achieving the level of responsibility you have right now, considering your humble background, has undoubtedly required great tenacity.

[Zedillo] It has required tenacity, effort, discipline, and enthusiasm. It would not be fair, however, to claim all the credit. I believe it is the result of my own effort as well as the efforts of many other people. This of course includes my parents, who contributed with their work and through their example, and my family, particularly my wife, and my children who have always encouraged me. I must also mention my teachers. I always acknowledge their role, as what I learned from my teachers means a lot to me, particularly from those in grade school, high school, and at all educational levels. I always remember them with special affection.

I want to say something to those people with whom I have worked throughout my life and who have given me the opportunity to keep working and advancing in my career. I wrote this a long time ago in the introduction to my doctoral thesis. In the foreword of my thesis, I thank Mexicans because they pay the taxes that enable the government to open public schools, which I attended and 90 percent of Mexicans also attend. The resources from the National Council of Science and Technology [CONACYT] that sponsored my doctorate also belong to the Mexicans. Therefore, mine is not a personal endeavor; it is the result of the support of many people.

[Zabludovsky] Did you always attend public schools?

[Zedillo] Yes, except for my doctorate, for which I attended a private university. However, my doctoral degree was sponsored by CONACYT.

[Zabludovsky] As the PRI candidate, what do you expect from the 21 August elections?

[Zedillo] I expect these elections will be absolutely clean and will take place within a legal and peaceful framework. I also hope that they will be an exemplary civic event for us and future generations and that they result in a more united nation with increased confidence that will help us be a great nation. I hope, Mr. Zabludovsky, to win the coming elections because I reiterate: I want to be president of Mexico.

[Zabludovsky] Have you resumed the campaign that was interrupted by Colosio's death?

[Zedillo] We will be resuming it very soon.

[Zabludovsky] Many thanks, Dr. Zedillo. Do you have anything else to add?

[Zedillo] I only want to thank you and especially the viewers for this opportunity.

[Zabludovsky] This was PRI presidential candidate Ernesto Zedillo Ponce de Leon. Thank you. Good night.

Costa Rica Signs Trade Accord, Step Toward NAFTA

PA0604010694 Mexico City NOTIMEX in Spanish 1950 GMT 5 Apr 94

[Text] Mexico City, 5 Apr (NOTIMEX)—Today, Presidents Carlos Salinas de Gortari of Mexico and Rafael Angel Calderon of Costa Rica signed a bilateral free trade agreement in Mexico City. The treaty will expand their economic exchange as of 1995. Salinas de Gortari and Calderon signed the document at a ceremony in Los Pinos presidential residence after the Costa Rican president's arrival in Mexico for a two-day visit that will end tomorrow.

Costa Rica is the first Central American country to sign a free trade agreement with Mexico. The latter is holding similar negotiations with Nicaragua, Guatemala, El Salvador, and Honduras.

"This treaty will allow a greater flow of commerce and investments between our countries" and will strengthen the ties of friendship and cooperation between Mexico and Costa Rica, Calderon said in a speech he gave at the event, which was also attended by Salinas de Gortari. Calderon said: "The 21st century begins for Costa Ricans" with the signing of this treaty. He said the agreement represents "a great step toward" Costa Rica's future integration into NAFTA, signed by Canada, the United States, and Mexico, which has been in effect since January.

El Salvador

Presidential Election Results Announced

PA0504235994 San Salvador Canal Doce Television in Spanish 0300 GMT 31 Mar 94

[From the "Up-to-Date newscast"]

[Text] On Wednesday, 30 March, three days after the elections, the Supreme Electoral Tribunal [TSE] announced the official results of the presidential election, which confirmed the need for a runoff between Armando Calderon Sol and Ruben Zamora. Only the official results of the election for deputies and municipal representatives are now pending. In the preliminary elections, the two majority forces obtained percentages similar to those of the presidential candidates.

After working for two days, the TSE finished counting the votes for president. According to official figures, ARENA [Nationalist Republican Alliance] leads with 641,108 votes, or 49.03 percent of the total votes for president. The leftist coalition came in second with 325,582 votes, which represent 24.9 percent of the total valid votes. The Christian Democratic Party came in third with 214,277 votes, or 16.39 percent. The National Conciliation Party received 70,504 votes, or 5.39 percent. The rest of the parties won a total of 4.29 percent of the total number of votes for president and vice president.

It has also officially been reported that less than half the 2.7 million registered voters voted on 20 March.

[Begin unidentified TSE official recording] The grand total of the voters who participated in the 20 March elections was 1,411,320. [end recording]

Even so, the TSE described the election as successful. In addition, the TSE drafted a document saying that ARENA and the leftist coalition will be the only contenders in the runoff.

[Begin TSE official recording] These are the contenders who won the largest number of valid votes. Therefore, the TSE must be convened within the deadline stipulated by law. [end recording]

Beginning 30 March, all political parties have 72 hours to file challenges to the election results. If the parties do not do this, the TSE will declare the results valid and will call the runoff for 24 April.

Police Urge Compensation for Injured in Explosion

PA0504194994 San Salvador Radio Cadena YSU in Spanish 1800 GMT 5 Apr 94

[From the "YSU Radio News" newscast]

[Text] Jose Maria Monterrey, director of the National Civilian Police [PNC], reported that the U.S. officer who died after detonating a hand grenade that also wounded two members of the PNC, was under the influence of drugs. Monterrey added that the accident, which occurred at the PNC station in the Zacamil neighborhood, occurred after the officer threatened to try and reclaim the confiscated weapons.

[Begin recording] [Monterrey] They say that they arrived at the station after arresting the bodyguards of Colonel Rivera for drunken misconduct. They were firing their weapons, I believe, so they were arrested. They were taken to the police station. They said they were U.S. Embassy personnel, so we called the U.S. Embassy, after which the colonel arrived. We turned over the hand grenade and the weapons that had been confiscated from the two detained bodyguards. He then began to handle the grenade. At first they thought it was an accident. That was later ruled out because of the high amount of drugs involved.

[Unidentified reporter] The U.S. Embassy report says he thought it was a toy. [Words indistinct] could it be, given the state he was in because of the drugs, that he might have used the grenade to threaten those present?

[Monterrey] Apparently he was a little arrogant when he arrived. There was some of that with our people. You must remember that they always try to look down on our people. However, there is no doubt that this was caused by an excessive amount of drugs.

[Reporter] [Words indistinct]

[Monterrey] We are going to try and make this the highest amount they have ever paid in compensation. One of the boys is blind, and the other will lose one eye.

[Reporter] Are these the only wounded?

[Monterrey] Just these two policemen were wounded. Fortunately all the others fled when they saw him playing with the grenade in his condition. [end recording]

The PNC director added that they will ask for the highest possible compensation for the wounded policemen. It was reported that Col. Julio Ra[illegible]on Rivera, who died in the incident, was a security officer at the U.S. Embassy in our country.

Honduras

Armed Forces Thwart Plan To Assassinate President

PA0504195294 Panama City ACAN in Spanish 1903 GMT 5 Apr 94

[Text] Tegucigalpa, 5 Apr (ACAN-EFE)—The Honduran Armed Forces thwarted an alleged plan which would reportedly be executed by three Nicaraguan citizens to assassinate President Carlos Roberto Reina.

Army Spokesman Colonel Napoleon Santos announced today military intelligence learned about the plan after

Nicaraguan citizens Luis Enrique Quintero, Santiago Rivas, and Roger Arguello entered the country on 7 March.

According to the high-ranking military officer, who said Enrique Quintero was a member of the intelligence department of the Sandinist People's Army (EPS), the three Nicaraguan citizens had planned to burn a paint factory and kidnap three businessmen.

Press Director on President's Reaction to Plot

PA0504212394 Tegucigalpa Voz de Honduras Network in Spanish 1914 GMT 5 Apr 94

[Statements by Press Director Carlos Calderon to correspondent Roberto Reyes at the Government House in Tegucigalpa—live]

[Text] [Reporter Romulo Matamoros] According to the authorities, Honduran citizen Luis Hernandez Sosa and Nicaraguan citizen Luis Rene Quintero, who entered our country on 7 March through El Paraiso, are involved in an attempt against the president. Quintero also mentioned the names of Nicaraguan citizens Roger Arguello and Santiago Rivas Betancourt. They are reportedly in our country engaged in irregular activities related to drug trafficking and the illegal trafficking of vehicles, according to Nicaraguan officials.

[Station announcer] Thank you very much. We now have another report from the Government House. Go ahead, Raul Valladares.

[Valladares] Roberto Reyes is here with Carlos Calderon, press director of the Government House. Go ahead, Roberto.

[Reyes] Thank you very much. We are here with Press Director Carlos Calderon at the Government House. I asked Colonel Romero if this threat could change the president's agenda. What is your opinion?

[Calderon] We were with the president listening to the information broadcast by Voz de Honduras Network. Everything is absolutely quiet. I received reports that military intelligence officers had informed the president a few days ago about what was happening.

The president told me he hoped this report would not cause great alarm because he knows [words indistinct] state security organizations. He added that he did not think this incident would have any political significance.

As Col. Romero stated, these individuals were acting like common criminals [words indistinct]. They do not have any political connections. Therefore, the president expressed [words indistinct] with great responsibility. Despite the fact that the president learned of this situation days ago, the matter was kept secret, especially since the investigations had not concluded.

Now that the information has been made public, the president is quiet. He thanked those who expressed their solidarity with him and hoped the citizens would view this as a normal thing for the president. He said he hopes the incident will not alter his working schedule. President Reina is not worried at all about this situation. He knows that the state security organizations are efficient and that he has the support of the people. He knows he is a loved and respected individual. Reina is aware that these things can happen to any president: They are part of the risk of holding such an important post as the presidency of the Republic.

This will in no way affect the president's duties and everyday activities.

[Reyes] Will the president increase his security now?

[Calderon] State security organizations have recommended that the president take some precautions, and certain steps have been taken. For the president, this is no cause for alarm, and it will not affect his duties. He is quiet, relaxed, and will continue his normal activities.

[Reyes] Has the president downplayed the information given to him?

[Calderon] I wouldn't say so. I would say he has handled the information appropriately. He has given this report the attention it deserves. He has taken the recommendations made by state security agencies into account [words indistinct] but he will not change his routine and how he relates to the public. This does not involve a change in the president's behavior as head of state.

[Reyes] How has the president classified these actions? You are talking about crime, but how does he see the situation?

[Calderon] We have the same information supplied by state security organizations. When one talks about common crime, one implies there is no link to political groups. This is a unpremeditated action by a group of individuals who, for unknown reasons, have considered taking such actions. These actions do not reflect the political criteria or actions of any group, which would have given the problem a different look.

[Reyes] Has the president received calls from presidents or foreign officials other than the Nicaraguan Government Ministry official who contacted you?

[Calderon] No. The president has only received local calls. I suppose that when the news spreads, presidents of friendly countries will express their solidarity with the president. You are well aware of the enormous respect for President Reina throughout the continent.

[Reyes] What have the Armed Forces told the president?

[Calderon] I don't know anything about that.

[Reyes] Thank you very much.

Nicaragua

Deputy Minister on Plot Against Honduran Leader

PA0604031094 Managua Radio Nicaragua Network in Spanish 2100 GMT 5 Apr 94

[News conference by Deputy Government Minister Frank Cesar Reyes with domestic reporters and unidentified moderator at the Government Ministry in Managua—live]

[Excerpt] We made an appointment with this Nicaraguan citizen, and he gave us information that we can relay to you as follows:

This Nicaraguan citizen said he was coming from Leon, where he had been working as a mechanic, when he met two Nicaraguans on a bus. The men were friends whom he had known a long time. These men told him there was a job in Honduras for which someone was willing to pay $80,000. The work consisted of setting fire to a paint plant without leaving any trace so the plant owners could collect the insurance money. On 7 March, the three men went to Honduras, where they contacted the person who allegedly had made the proposal. The person was a Honduran citizen named Luis Hernandez Sosa, approximately 38 years old. The men checked into a Tegucigalpa hotel.

The next day they went to a store, owned by an man of Arab descent, whom the two men presented as the person interested in having the work done. Later, they told this Nicaraguan citizen that another meeting would be held on Wednesday. At that meeting, the Honduran men told the Nicaraguan that the job was not exactly to burn down a paint plant but to kidnap a Honduran citizen who had approximately 20 million lempiras in his safe. Later, the Nicaraguan and Hondurans went to another place, a nightclub. The Hondurans reportedly used a small amount of cocaine. During the talks, they said that the work was not to kidnap this Honduran businessman but something else, a job that paid $400,000: It was to assassinate Honduran President Reina.

We contacted the Honduran Embassy on the same day we learned of this plan. On 14 March, Honduran authorities sent a special delegate to Nicaragua in accordance with a letter that Colonel Alvaro Antonio Romero Salgado, chief of the presidential staff, addressed to Government Minister Mendieta. This special delegate met with the Nicaraguan citizen who gave us the information at this ministry. The Nicaraguan citizen was asked whether he was willing to travel to Tegucigalpa and identify the places where they had been and the people he had mentioned in his statements. He agreed. They left on 15 March for Honduras. Honduran authorities thanked us for the information. We believe it to be our duty to reveal this sensitive information to a government and people with whom we have excellent relations. Honduran authorities today told us that, according to the preliminary investigation in Honduras, a group, probably linked to auto theft and most likely to drug trafficking, had been active in this connection.

According to Col. Romero, the investigations have been unable to establish whether there was really a plot against President Reina. The investigations continue. I want to reiterate that the investigations are being conducted by Honduran authorities in Honduras. We are willing to cooperate with the Honduran authorities in any way we can to fully resolve this case. I hereby reiterate our pledge to exchange this type of information and any other information of international or national interest with all countries; particularly in terms of the plot to assassinate the president of Honduras.

The Honduran authorities told us that they revealed this information today because it was leaked by certain news media, but the investigation has not concluded. [passage omitted]

Lawsuits Against EU on Banana Issues Withdrawn

PA0404163394 Managua Radio Nicaragua Network in Spanish 1200 GMT 4 Apr 94

[From the "This Morning" newscast]

[Text] After signing an important agreement in Brussels the week of 28 March, Nicaragua withdrew its banana suits against the EU regarding the purchasing quotas and tariffs imposed by the EU on banana imports from Latin America. The agreement will benefit Nicaraguan banana exports.

According to reports from Belgium, Nicaragua, Costa Rica, Honduras, and Panama agreed not to begin any disputes within the framework of GATT against the 12 European banana buyers until 31 December 2002. The agreement contemplates an increase in the banana purchasing quotas from 2 million tons a year to 2.2 million tons for 1995.

Panama

Government Decries State Department Drug Report

Vice President Rejects Report

PA0604001194 Panama City Telemetro Television Network in Spanish 1730 GMT 5 Apr 94

[Text] According to a report released yesterday by Robert Gelbard, U.S. assistant secretary of state for inter-American affairs, Panama's dollar-based economy, the existence of a free zone in Colon Province, loose control over the exchange of money and raw material, and lenient laws have made Panama vulnerable to drugs.

The report states that the Panamanian Government has not made any new, decisive efforts to curb the laundering of drug money in the past year, that Panamanian

laws must be perfected, and that Panama's control organizations and resources are inadequate.

According to a U.S. State Department report on international drug trafficking presented to the U.S. Congress, a number of countries, including Panama, are victims of corruption fostered by drug traffickers. The Panamanian Government has rejected this accusation several times, saying that it is making all possible efforts. Vice President Guillermo Ford thus reacted to the report:

[Begin Ford recording] I am going to say this publicly and through our embassy. In 1990 the Republic of Panama issued a decree-law by which the Banking Commission would introduce rules to govern the management of cash through banks. Recently, through a cabinet decree, a new law was issued involving all assets coming into Panama through any port of entry. All countries are doing this.

Meanwhile, Panama approved the Mutual Legal Assistance Treaty, which has not been ratified by the U.S. Senate. I think that instead of criticizing and promoting the idea that Panama supports drug trafficking and money laundering, we should all work together to eradicate these two scourges. [end recording]

Nevertheless, the U.S. Government says that cocaine consumption has become a true worldwide scourge that corrupts and destroys lives, and it has accused Panama of lacking the political resolve to deal with the corruption caused by the drug.

[Begin Ford recording] I must say publicly that I think it is unfair to say that Panama is not doing enough to eradicate this scourge. [end recording].

The State Department report asserts that drug production and trafficking are increasing and creating new opportunities for international criminals. In addition to Panama, the report lists Bolivia and Venezuela among the Latin American countries that are not making an effort to fight drug trafficking.

Foreign Minister To Request Meeting

PA0604010494 Panama City Circuito RPC Television in Spanish 2300 GMT 5 Apr 94

[Report by Abdiel Antonio Gutierrez from the "RPC Television News" newscast]

[Text] Panama will request a meeting with U.S. authorities at the highest level to discuss the laundering of money from the illegal sale of drugs. Members of the Foreign Relations Council held an urgent meeting with President Guillermo Endara to take a stand on the report issued by Robert Gelbard, assistant secretary of state for inter-American affairs, which describes our country as an important money laundering center. After a meeting that lasted two and a half hours, the Panamanian Government officially rejected the high-ranking U.S. official's report that Panama's efforts to combat money laundering have been small.

[Begin Foreign Minister Jose Mulino recording] We will also request a meeting at the highest level of the U.S. Government to discuss the drug issue. This issue must be broached, not only in regard to Panama, but also with respect to the United States, which is the country that consumes this product the most. [end recording]

He added that the Panamanian Government does not intend to argue the issue but wants to begin a constructive dialogue to correct possible errors in the management of the money laundering problem.

[Begin Mulino recording] Those issues do not stay at a bilateral level. It is offensive and denigrating for our country to be identified as one of the world's principal money laundering centers. [end recording]

The foreign minister announced that he will send Panama's official statement on the matter to U.S. officials early next week. In his opinion, the report tarnishes the country's image among nations.

Business License Fees Raise $30 Million

PA0504143194

[Editorial report] Panama City LA PRENSA in Spanish on 3 April p 11A reports that Delia de Castro, general director of domestic commerce of the Commerce and Industry Ministry, has announced that new business licenses contributed $30 million to the government's revenue during 1993. Each new corporation must pay 1 percent of its initial capital investment in taxes, she has said, and 7,506 new licenses were issued last year. Of these, 5,680 were for retail businesses, 647 for wholesale dealerships, and 476 for industrial enterprises.

Argentina

Menem Affirms Diplomacy To Regain Falklands

PY0504152294 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0017 GMT 5 Apr 94

[Text] Buenos Aires, 4 Apr (NA)—President Carlos Menem confirmed on 4 April "the diplomatic method" to recover the Malvinas Islands. Nevertheless, he hardened his stance compared with past years by reminding the "usurpers" that the Argentine soldiers who died in the 1982 war "are resting in our fatherland's soil."

Menem paid "tribute to these young men who said yes to our fatherland" and fell in that conflict with the United Kingdom 12 years ago. He stressed: "Even though these usurpers hate the idea, these young men still are resting in our fatherland's soil."

The president made these remarks in a message of strong emotional content. His message was apparently aimed at again "Malvinizing" ["malvinizar"] society 12 years after the war against the British during a ceremony at the 1st Regiment Patricios.

The ceremony was attended by veterans groups from the South Atlantic war and their relatives. Menem personally greeted them—shaking their hands—after his speech.

Continuous drizzle on the regiment, headquartered in Palermo District, forced it to reduce the ceremony and hold it at the regiment's ceremonial hall, where forces and standard bearers from the three branches of the Armed Forces and security forces, as well as various war veterans groups, were lined up.

At the main rostrum, Menem was accompanied by Defense Minister Oscar Camilion, Foreign Minister Guido Di Tella, Joint Chief of Staff Mario Candido Diaz, Army Chief of Staff Martin Balza, Navy Chief of Staff Enrique Molina Pico, and Air Force Chief of Staff Juan Paulik.

On the ceremonial hall's first floor, designed for special guests, were Buenos Aires Mayor Saul Bouer; General Mario Benjamin Menendez, the former Malvinas military governor; Justicialist Deputy Erman Gonzalez; Jorge Isaac Anaya, a former member of the military junta that invaded the islands; former Army Chiefs of Staff Hector Rios Erenu and Jorge Harguindeguy; and PAMI [Comprehensive Medical Assistance Plan] President Matilde Menendez, the Peronist Party's No. 2 candidate for Constituent Assembly member from Buenos Aires.

The ceremony started with the national anthem, after which a religious ceremony was held to pay tribute to the soldiers who fell in the military conflict.

Gen. Diaz spoke afterward. He also sorted out the diplomatic method as a recourse to recover sovereignty over the islands. Gen. Diaz said: "All of us will proclaim today to all and sundry that the Malvinas Islands belong to us de facto and de jure."

Diaz concluded by saying: "I am sure that, using this method, the day will come when this flag, devised by [Argentine independence hero] General [Manuel] Belgrano, will again and definitely fly over our Malvinas Islands."

For his part, Menem said we Argentines "have been claiming in every way and using every method available to us the restoration of this mutilated part of our fatherland to our territory."

Menem pointed out: "This is the goal to be achieved, a goal that we are not giving up and will not give up." He stressed: "This goal represents a projection of the Argentine people's soul and spirit."

Menem emphasized: "A war may be waged not only through military conflicts, but also through diplomacy, talks, agreements, and conversations."

Moving on, Menem stressed that he does not harbor "the slightest doubt that the Argentine Government's and people's attitude of using diplomatic methods will unfailingly lead us to the recovery of this part of our land that has been clumsily mutilated."

He emphasized: "This basically represents a tribute to these war veterans who said yes to our fatherland in our remote southern sea. This is a tribute to many of those present here who returned to our fatherland and to those who were unable to return. Nevertheless, even though these usurpers hate the idea, these young men are still resting in our fatherland's soil."

Interior Minister Rules Out Jujuy Intervention 'Now'

PY0504125294 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0155 GMT 5 Apr 94

[Text] Buenos Aires, 4 Apr (NA)—Interior Minister Carlos Ruckauf on 4 April ruled out the possibility of government intervention in Jujuy Province "for now."

Ruckauf said: "The situation in Jujuy is very complex, but it is not a province with structural problems. Therefore, for now, there will be no federal measures."

The minister made these remarks shortly before attending a dinner that Carlos Corach, the Justicialist Party's No. 1 candidate for Constituent Assembly member for the federal capital, hosted for 600 entrepreneurs at the Alvear Palace Hotel in this capital.

Bolivia

MIR Leader: U.S. 'Plotting' Against Party

PY0504220094 La Paz Radio Fides Network in Spanish 1700 GMT 5 Apr 94

[Text] Fernando Cajias, a leader of the Movement of the Revolutionary Left, MIR, has accused the U.S. Government of plotting to destroy social democracy—not just in Bolivia, but in the whole world.

[Begin Cajias recording] The point is that now the cold war is over and communism has fallen to pieces, social democracy is the only rival for the liberals. I believe there is an international plan to eliminate social democracy worldwide. [end recording]

As far as Bolivia is concerned, Cajias claimed the anti-MIR campaign linking his party to drug traffickers—which is being orchestrated by the current Bolivian Administration and the U.S. Embassy in Bolivia—has succeeded in removing from [former President] Jaime Paz Zamora his status as a national leader.

[Begin recording] [Cajias] As you probably know, a survey was done at the end of last year. It showed that Jaime Paz Zamora was regaining popularity. Thus, it was the right time to take advantage of circumstances and prevent this from happening. We are perfectly aware mistakes have been made, as the president of the party personally acknowledged. These mistakes have cost us dearly but we will not give up politics.

[Unidentified reporter] Will the MIR survive as it is or will it have to be reborn?

[Cajias] I believe this has thwarted many hopes, many people have ceased to believe in us, and even our militants are greatly demoralized. It would be worse, however, to abandon all our hopes. [end recording]

Asked about drug trafficker Isaac Chavarria's latest disclosures, Cajias answered that the next stage of the investigation—during which those he has accused will testify—will show who were actually involved in trafficking.

Brazil

Rubens Ricupero Sworn In as Finance Minister

PY0504184194 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 5 Apr 94

[Excerpt] New Finance Minister Rubens Ricupero said this morning that public utility rates will be converted into URV's [Real Value Units] by 15 April. He also said the date to put the new currency, the real, into circulation has not been established yet.

An agricultural harvest that may hit historical records, high foreign currency reserves, prices that are gradually being converted into URV's at the pace the government expected, and workers who received their first salaries converted into URV's—these are just a few of the signals of the economy that has a new administrator as of today: Minister Rubens Ricupero.

Early today in the program Bom Dia Brasil, the minister said in his first interview of the day he was sworn to in his post that the current conditions are better than those of the former economic plan.

In an exclusive interview, the minister said that in the next few days the government will convert public utility rates into URV's, something that must be done before 15 April. According to the minister, a date has not been established yet for putting the new currency, the real, in circulation. Minister Ricupero also said he will control government expenses. As for the changes Congress might make in the provisional measure creating the URV, Ricupero said he will not accept changes to the economic plan such as the possible creation of a salary readjustment trigger:

[Begin Ricupero recording] We must end the idea that it is necessary to perpetuate inflation. We must eradicate inflation once and for all and give the government a minimum period of time to give it credit so as to allow the economic program to demonstrate its advantages. [end recording]

Minister Ricupero was sworn in to his new post late this morning during a simple ceremony in Planalto Palace. The ceremony was held in the office of President Itamar Franco with the presence of the ministers of the civilian and military households and the environment, Henrique Cavalcanti; the presidents of FIESP [Sao Paulo State Federation of Industries], the CNI [National Confederation of Industries], and the Chamber of Deputies; and former Finance Minister Fernando Henrique Cardoso. [passage omitted]

Finance Minister Interviewed

PY0504190594 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Apr 94 p B3

[Interview with Finance Minister Rubens Ricupero by Washington correspondent Paulo Sotero; place and date not given]

[Text] [Sotero] When you take the oath as finance minister, whether you like it or not, you assume the role of a decisive voter in the presidential dispute. Traditionally, the government spends money during election years to help its favorite candidate. Will this happen during your tenure?

[Ricupero] I want first to make it absolutely clear that I will play an entirely impartial role. I am a public servant. I have devoted my whole life to this. I may have my preferences as a citizen, but as finance minister I will keep in mind collective and public interests which are today embodied in economic stabilization. As I said earlier in some articles, I believe this is in the best

interests of all of the candidates too. Anyone seeking a federal or state office will win if he gets elected when the economy is already at an advanced stage of stabilization. If there is no awareness of this fact, those elected will have to rule under the excessively heavy burden of an economy out of control.

[Sotero] Will government coffers continue to be locked?

[Ricupero] The government has clearly defined its position on spending: It will seek a strict balance between public accounts and the federal budget. The budget is both small and behind schedule. Many sectors will suffer hardships, but the budget was prepared along those lines. It is important for it to be approved so that clear guidelines may be established for the administration, and to enable it to be rigorously implemented. We only need the budget to ensure the success of the program. The budget will be the law for the government. This will preclude any possible use of it for electoral purposes.

[Sotero] Do you attach any significance to the fact that it was [Former Finance Minister] Fernando Henrique Cardoso who proposed your appointment to President Franco?

[Ricupero] I am a friend of Cardoso. I will not say that this is meaningless, because I am honored by his proposing me. This will be very important in ensuring the continuity of the plan. I fully endorse the plan.

[Sotero] Do you have any doubt about achieving fiscal adjustment with the measures adopted thus far? Is it a question of just implementing them?

[Ricupero] I believe fiscal adjustment has been basically achieved. We have to formalize it through the approval of the budget. It would have been better if the original Social Emergency Fund proposal had been approved. Unfortunately, it was not possible to have it approved without changes. Even so, we can achieve fiscal balance with what we have. New decisions, like salary changes for personnel of other branches of government, would make this goal more difficult. These expenses are not included in the budget. This is why I have insisted on the need for a final solution to these structural problems in the Constitution itself, whose provisions have led to salary differences among the branches of government and to decisions that provoked new problems. All this must be addressed with a desire to promote harmonious coexistence among the three branches. I have never addressed this problem without observing absolute respect for the Supreme Court, for the judicial branch, and for Congress, while bearing in mind the aim of their members, as Brazilians, to reach stability. We have to address the causes of these problems. If we find that the present legal system jeopardizes stability and that the country is thus finding it difficult to bring inflation under control, then the current constitutional revision process, which still has two months of sessions, should focus on this problem. There is no reason why we should not to try to improve those constitutional provisions.

[Sotero] In the wake of your appointment, it has been speculated that you might have problems because you will not enjoy the same type of relationship Cardoso had with President Franco.

[Ricupero] I am glad you mentioned that. I maintain very harmonious relations with the president and with members of his staff. I am a close friend of all of them. I am on very good terms with Henrique Hargreaves, who was my colleague during [Former President Jose] Sarney's government; and with [Presidency Secretary General] Mauro Durante, who helped me the most when I was appointed minister for the Amazon region. Besides, I have my own staff at Planalto Palace, whom I intend to keep with the president's concurrence. I am a close friend of Jose Castro Ferreira and the other presidential advisers: Osiris Lopes is a longstanding friend. I am also on good terms with the members of Cardoso's team, and I feel one of them because they are all longstanding friends. Thus, I cannot see any incompatibility, and I feel I will be able to move smoothly from one position to another.

[Sotero] Do you find it necessary to adjust the plan?

[Ricupero] I do not see any flaw in the plan. Respected economists like Mario Henrique Simonsen have praised the plan and have described the concept behind it as excellent. The issues we will have to address from now on will be focused on how to translate all this into our daily life. As the American saying goes: "The devil is in the details." Details have not yet been worked out. One cannot speak of adjustments, because this means correcting the plan, which would not be the case. As scheduled, we will now define all the financial, economic, and legal rules for the transition into the real cruzeiro. This process, which is now under way, requires an enormous amount of work. The legal side alone poses intricate issues. By arranging the transfer of office on 5 April, Cardoso and I will, in our speeches, touch on certain general guidelines for the next stage—although still in very general terms—because it is still in the preparatory stage.

[Sotero] Has a date been set for the change of currency?

[Ricupero] No. This is one of the topics under discussion, not just by the team but by the president and members of the government, because we need to find a point of equilibrium. We can neither be hasty nor wait for too long. This is not an easy task. It requires fine tuning with economic developments. The only firm information is that which has already been announced; that is, that the date for the implementation of the new currency will be announced 35 days in advance. Thus, no one will be taken by surprise.

[Sotero] Do you have a date in mind?

[Ricupero] You know I am not inclined to lie. Whenever I cannot tell something to the press, I state my reasons. The issue here is not that I cannot disclose a conversion

date, written on a piece of paper, that is being kept in a safe. The truth is that no date has been set.

[Sotero] Does the same rule apply to the various exchange rates of the new currency? Does the internal debate indicate that the government is moving toward a fixed rate or a system of levels? How will the question of convertibility of the new currency be resolved?

[Ricupero] Those possibilities are being duly assessed, one in relation to the other. There has yet been no definition. I hope that by early next week the economic team will give me some paragraphs on the general characteristics of stage three of the plan. One thing I have sharply emphasized is that I will first examine any proposal brought to me by the team and then take it to the president. I want to do everything in absolute agreement with him, just as Cardoso used to do.

[Sotero] Is Brazil prepared to end inflation?

[Ricupero] I believe Brazilian society is mature enough to undertake the final effort toward stabilization and reform with a view to resuming development. People are weary of inflation and hope the country will find its course. There are still some problems stemming from our political institutions and constitutional provisions. I believe our objective economic conditions are good. We did not have these conditions during the previous transition period in 1989. We have a high level of reserves that enable the Central Bank to overcome any speculative maneuvers. We have concluded our foreign debt negotiations. In a few more days, the foreign debt will be a finished business. Furthermore, contrary to the situation prevailing a few years ago, our economy grew in 1993 and continues to grow in 1994. This has brought us relief. This growth has been achieved through an extremely high productivity rate. Our agricultural harvest could be the largest ever because the Northeastern region again figures for statistical purposes and companies have been streamlined. The rate of indebtedness within the private sector is currently the one of the lowest in the world. I believe the subjective conditions influencing business and workers confidence are equally good. There are also favorable international economic conditions because there has been an acceleration in the U.S. growth with reasonable interest rates, and there are signs of an economic recovery in Europe. All these point in a positive direction. All that is required now is to be very firm in the subject of balancing the budget and of improving our constitutional provisions.

New Environment Minister To Continue Ricupero's Work

PY0604014294 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 5 Apr 94

[Report by Claudia Moreira from Brasilia]

[Text] Environment Minister Henrique Brandao Cavalcanti was installed this morning. He is a civil engineer who was the coordinator for Amazon affairs. Brandao Cavalcanti said the policy of his ministry will continue unchanged.

[Begin Brandao Cavalcanti recording] The first step is to continue Minister Ricupero's work. In the case of the Amazon region, I will continue the work of the National Amazon Region Council, which has a schedule already established for the 10 work-groups that cover the various areas. We will strictly comply with this schedule. As to the environment, there are many aspects. Minister Ricupero has expressed concern for the multiple aspects of the issue: the forests and the national parks which call for the establishment of some priorities. To meet this objective, I will consult experts who are already working in the ministry and who are responsible for them. [end recording]

Henrique Brandao Cavalcanti will stimulate the decentralization process and make action in the environmental area more effective. He believes the Environment Ministry will develop more as a result of Minister Ricupero's installation as finance minister.

Workers Party Seeks Alliance With Brizola

PY0504230894 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Apr 94 p A4

[Article by Lucia Helena Gazzola]

[Excerpts] The immediate objective of the PT [Workers Party] is to attract the support of former Rio de Janeiro Governor Leonel Brizola (PDT) [Democratic Labor Party] in order to win the presidential election in the first round. This move seeks to confront the broad alliance being created around the candidacy of former Finance Minister Fernando Henrique Cardoso of the PSDB [Brazilian Social Democracy Party]. This was the main issue on the agenda of the PT national executive board meeting with Luis Inacio Lula da Silva's campaign coordinating board in Sao Paulo yesterday.

PT leaders are scared and do not want to waste time. They want to create in Brasilia today—during a meeting of the parties allied to the PT—a commission headed by Lula and PSB [Brazilian Socialist Party] President Miguel Arraes to talk with Brizola. They are even hinting of offering the vice presidency to the PDT. "We have an agreement with the PSB, but if the PDT joins the front we will reevaluate the matter," Lula admitted. [passage omitted]

During the middle of last week, PT Vice President Aloizio Mercadante said an alliance with Brizola "was not at all viable," but yesterday he was considering inviting the former governor to attend the next meeting of parties that support the PT—which until now just included the PC do B [Communist Party of Brazil] and the PSB. "We want to broaden the scope of the next meeting by inviting Brizola and other left-wing leaders, and intellectuals and artists." The date for such a meeting will be announced in Brasilia today. PT Secretary General Gilberto Carvalho said that on Tuesday

[not further specified], he and another of Lula's other trusted men, government program coordinator Marco Aurelio Garcia, met with a PDT legislator and one of Brizola's assistants in Rio to discuss the possibility of meeting with the governor to ask him for his support.

Brizola Rules Out Coalition With PT

PY0504234694 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Apr 94 p A4

[Text] Rio de Janeiro—Former Governor Leonel Brizola (PDT) [Democratic Labor Party] has ruled out any possibility of an alliance with the PT [Workers Party] during the first or second round of the presidential elections. "An agreement with the current PT leadership is not viable," said Brizola, adding that he believes Luis Inacio Lula da Silva's candidacy is being artificially inflated by the surveys. "No one believes in the 39 percent he is allegedly getting because that is what he obtained in the 1989 runoff election."

Regarding the possibility of an alliance with other parties, Brizola—who yesterday lunched with Minas Gerais Governor Helio Garcia (PTB) [Brazilian Labor Party] at the Commercial Association of Rio de Janeiro—said the only alliance already signed by the PDT is with the small National Mobilization Party (PMN). The former governor said a coalition with the PTB is a "natural" possibility. Regarding speculation that he would meet with PPR leaders, Brizola said: "Traditional politicians do not like me because they know I favor change and if I win the race I would end political chicanery."

Brizola resigned on 2 April to run in this year's elections. He said he was satisfied with what he did during his term, adding that no other governor did more. "They may have equaled me, at best," Brizola said. At the time the PDT governor left the government, he had the lowest popularity rate for any governor in the country. He was undecided whether to run for president or for the Senate. He said: "I am attracted to participate in the national campaign," adding: "This will be my last and greatest campaign. I will use all my accumulated experience."

Obstacles Facing Quercia Presidential Candidacy Seen

94SM0283A Sao Paulo ISTOE in Portuguese 2 Mar 94 pp 25, 26

[Article: "Obstacle Race," by Marcelo Bauer]

[Text] Ever since early February, when he publicly announced his intention to run for the presidency of Brazil, former Sao Paulo Governor Orestes Quercia has been busy rounding up support. In the space of three weeks he has met with his party's executive board and with the federal, state, and municipal delegations of PMDB [Brazilian Democratic Movement Party] legislators, received mayors in his office, gone to Rio de Janeiro to talk to Mayor Cesar Maia, and launched a furious series of attacks against some of his principal adversaries. On Wednesday 2 March, Quercia will participate in the first big public event of his campaign, a party thrown in Sao Paulo by the Paulista Association of Cities. The former governor says he has been encouraged by all these gatherings. His strategy at the moment probably is to build up some important grass-roots support in the various states. Except at the meetings he sponsors, however, all Quercia is collecting are problems.

Within the PMDB, the former governor faces opposition from the national leadership, which is dreaming of creating a National Salvation Front—uniting the PMDB, the PSDB [Brazilian Social Democracy Party], the PDT [Democratic Labor Party], and part of the PFL [Liberal Front Party]—and watching the maneuvers leading to the launching of a presidential candidacy by current Sao Paulo Governor Luiz Antonio Fleury Filho. Meanwhile, in the courts, Quercia will have to testify and probably attend the proceedings concerning the legality of an importation of equipment from Israel that occurred during his administration, but which might also hurt Fleury. "For now, the status of his candidacy is still complicated," a *quercista* delegate admitted.

When he decided to run, Quercia knew he would have trouble winning the support of some factions of his party, like the Rio Grande do Sul group headed by Senator Pedro Simon, the leader of the Itamar government, and by former Social Security Minister Antonio Britto. It was also inevitable that this exposure as a candidate would swell the wave of accusations aimed at tying Quercia to charges of corruption and unexplained wealth. In his favor he has a history of four victorious campaigns that, like this one, also started at pretty close to zero. A rundown of the recent exciting days for the PMDB shows that although Quercia gained ground with his aggressive style, the constraints on his candidacy also grew. Led by Deputy Mauro Miranda (Goias), two dozen PMDB legislators from six states met in the Chamber on 23 February to propose an anti-Quercia front. "If Quercia is the candidate, it will be practically impossible to unite the party," argued the party's leader in the Chamber, Tarcisio Delgado (Minas Gerais). That same day, Fleury was parading around Brasilia with the air of a candidate. In the morning, he met with President Itamar Franco, accompanied by the administration's leader in the Chamber, Luiz Carlos Santos, the governor's leading campaign strategist. In the afternoon, he lunched with Senator Jose Sarney (PMDB, Amapa) and greeted party legislators and leaders at the Hotel Naoum. In the evening, he met with deputies from several states at the offices of the PMDB leadership in the Chamber. "Most of the PMDB would very much like to see Governor Fleury's name on the list of the ones around which the party will have to make a decision," Britto announced. "Between Quercia and Fleury, I'm for Fleury," Simon advised.

Suspicious of the sudden interest in his candidacy displayed by old internal enemies, Fleury reacted cautiously. "I am not going to be the instrument of a party breakup," he promised. Deputies from the Sao Paulo

PMDB do not rule out the possibility that behind the virtual support for the candidacy of the present governor is an attempt to isolate Quercia and force him. to withdraw from the race, which would favor either an alliance with the PSDB or the emergence of a Britto candidacy. For all these reasons, although he is not ruling out a run for Planalto Palace, Fleury is still cautious in his statements. "I am not announcing a candidacy. I think it is important to work for party unity," he said. On the same day when he met in Brasilia with members of the party who oppose Quercia, Fleury telephoned the former governor to schedule a meeting. He wanted to tell Quercia that he did not plan to join any group that would exclude him from the negotiation. Quercia claimed that his schedule was full and postponed the meeting.

Irritated by the indecisiveness of his political godson, Quercia toughened his rhetoric against the governor. "Fleury's base in Sao Paulo supports me. If he announces his candidacy, he will be betraying both his electorate and me." Fleury reacted. "No one who wants my support should make a statement like that." The feud between the two is just part of the rhetorical duel promoted by the various PMDB groups and by the party's adversaries (see box). With his sharp candidate's tongue, Quercia has revived the "If you hit, you'll get hit" *[bateu, levou]* style of Collor's former spokesman, Claudio Humberto Rosa e Silva. Quercia's main targets, since he announced his candidacy, have been PT [Workers Party] President Luis Inacio Lula da Silva, *tucanos* Mario Covas, candidate for the governorship of Sao Paulo and Ciro Gomes, governor of Ceara, and fellow *peemedebistas* Pedro Simon and Antonio Britto. "The PSDB has this watered-down campaign. I'm going to start up the *quercista* bulldozer and roll right over all of them," Quercia promised. "He's talking about bulldozers because he is the candidate of the construction contractors," responded Covas, repeating a pronouncement by PPR [Progressive Renewal Party] Senator Esperidiao Amin (Santa Catarina). The shouting match has been loud enough to worry Governor Fleury. "We need to stop these assaults among leaders," he argued. "Internal disputes are healthy when they do not create splits."

There is speculation in the Sao Paulo PMDB that the launching of Quercia's candidacy was due to the need to nip in the bud a move by the top leadership to forge an alliance, for the first round of the elections, with the PSDB. "If they were to reach this agreement for the presidential race, they would also abandon Quercia in his effort to become governor of Sao Paulo and would back Mario Covas instead," said Deputy Roberto Rollemberg, president of the Sao Paulo PMDB. Rollemberg said that "by announcing for the presidency, Quercia torpedoed the accord." There is still talk about setting up that National Salvation Front, although the chances of an agreement during the first round are remote. A month ago, in a conversation with Rio Governor Leonel Brizola (PDT), PMDB President Luiz Henrique suggested a pact under which the PMDB, PSDB, and PDT could unite around whichever name ranks highest in the polls in May, when the conventions must indicate their candidates for president. Witnessed by two *pedetistas* and two *peemedebistas*, the conversation went even further. "My name is on the list, but it is not an obstacle to anything," said Brizola, according to what one of the witnesses told ISTOE. "I am tired of falling on my sword." After Carnival ended, the PFL wing that is headed by party President Jorge Bornhausen also came onto the dance floor. Brizola, Luiz Henrique, Bornhausen, and Tasso Jereissati, of the PMDB, now have 60 days to agree on this mutual plan that would result in a single candidate, a left-of-center anti-Lula.

Formation of the National Salvation Front would seem to be the only alternative to the increasingly unlikely candidacy of Deputy Antonio Britto. On Sunday the 6th, he will take part in the PMDB pre-convention that will nominate the candidate for the governorship of Rio Grande do Sul. He is running against Deputy Mendes Ribeiro and should garner 80 percent of the votes of those in attendance. Britto entered the state campaign in earnest in this past month. Two weeks ago in Vacaria, for example, he outlined his timetable to the party's municipal leadership. "I know there are a lot of people here who would vote for me for president," the former minister said. "I really will need your votes for president—but not in 1994. Now I want your votes for the governorship of Rio Grande do Sul," he said. Britto claims he wants to govern his state and not run for president until later. But not everyone in the PMDB is convinced of this.

Not only is he criticized by his party, but Quercia still has problems in court. On Monday the 28th, Governor Fleury will have a golden opportunity to either add to his predecessor's problems or lend him a helping hand. At 1600 in Brasilia, Fleury will testify in the case that is looking into an allegedly improper purchase of equipment from Israel. The testimony will be given in the chambers of Judge Costa Leite in the Superior Court of Justice (STJ) in Brasilia, at a closed-door hearing witnessed only by a federal prosecutor. Quercia is supposed to testify on Friday the 4th. If the inquiry ends in March, Costa Leite can still present the case against the former governor at the Special Court in April. This panel of 21 members of the STJ would judge Quercia. "At any rate, the case will go to trial," a court staffer said. "All that remains to be done is for Judge Costa Leite to conclude the case." In the event he is convicted, Quercia would lose the right to run for any public office in this year's elections. If acquitted, he would have an extra trump card to use in the attempt to discredit the charges against him, but it would not prevent his opponents from exploiting the issue.

[Box p 26]

"If You Hit, You'll Get Hit"

Here are some quotes from the rhetorical contest between Quercia and his opponents:

"If he announces his candidacy, he will be betraying both his electorate and me." (Quercia, on Fleury)

"No one who wants my support should make a statement like that." (Fleury, in response)

"I'm going to start up the *quercista* bulldozer and roll right over all of them." (Quercia, on the PSDB)

"He's talking about bulldozers because he is the candidate of the construction contractors." (Mario Covas, in response)

"I'm going to put that guy in jail. From the governor's mansion right into the clink." (Quercia, on Ciro Gomes)

"That's what he hopes to see—himself and those other thieves running around loose and the good guys in jail." (Ciro Gomes, in response)

"The candidate of the Right is Lula, along with his fascist party." (Quercia, on Lula)

"Quercia is using Gestapo methods." (Lula, in response)

Numbers Game Computer Diskettes Cite Police Chiefs

PY0504034594 Rio de Janeiro O GLOBO in Portuguese 1 Apr 94 p 10

[Text] The computer diskettes seized by the District Attorney's Office reveal that since at least January 1990, still during Moreira Franco's administration, the civil and military police leadership were on the payroll of the numbers game kingpins. Until now the main police precincts subordinate to the General Department of Specialized Police [DGPE] have been included on this monthly payroll. There was money enough for the capital's precincts, as well as for those in Baixada Fluminense [region of poor satellite towns on the outskirts of the capital] and in the interior of Rio de Janeiro State. In addition, money was given to the Military Police [PM] barracks and to some sectors of the Federal Police.

According to the illegal game accounting, the Civil Police leadership have their monthly earning ensured. The list is so well detailed that it includes all the police inspectors who have occupied important positions in the Police Secretariat.

Under Secretary Joel Vieira, for example, had his name included up to October 1993, when he left his position and was replaced by Police Inspector Frederico Henning. Inspectors Paulo Emilio (former director of the capital's General Police Department, who was replaced by Jorge Mario Gomes), and Elson Campello (former DGPE director who was replaced by Marta Rocha) are also included on the list.

Rocha's name is not included on the payroll, but the main police organization is included under the acronym DPE [expansion unknown]. The name of the former DGPE chief of staff, Inaldo Santana, is also on the list. Other inspectors who have occupied important positions in the Civil Police, such as Helio Vigio, Antonio Nonato da Costa, Roberto de Castro, and Mauro Magalhaes, were included on the list next to the amounts they allegedly received from the illegal game kingpins.

PM Colonels Anani, Arouca, and Lages, in addition to the members of the PM Public Relations Department and of the operations nucleus, are mentioned on the list of those who received bribes.

Eleven States Reschedule Debt to Government

PY0504191494 Sao Paulo GAZETA MERCANTIL in Portuguese 31 Mar 94 p 5

[Article by Raquel Stenzel]

[Text] Brasilia—The Finance Ministry announced late in the afternoon on 30 March that it managed to reach an agreement to sign contracts to reschedule the debts of the states and 60 percent of the municipalities that owe money to the government. With this step, the federal government concludes the internal debt renegotiation process that began in 1991; reestablished the repayment flow between the federal government, the states, and municipalities; and ensured that the contracted debt—which amounts to $23 billion—will be paid in 20 years.

As payment guarantee the federal government will receive quotas from the states' and municipalities' Participation Funds besides their own budgets. Eleven states and many municipalities signed their debt rescheduling contract on 30 March. They are: Goias, Rio Grande do Sul, Rio de Janeiro, Para, Tocantins, Rondonia, Roraima, Amazonas, Parana, Rio Grande do Norte, and Acre. The official deadline to sign the contracts is 7 April, but the federal government made an effort in the past few days to have them all signed by 1 April because with the inclusion of the new month, all the calculations would have to be redone.

The municipalities that have few debts may perhaps still be able to reschedule them before the final deadline, given that their main creditor, the Federal Savings Bank (CEF), is updating their debts and interest based on 1 April.

The capitals that already had signed debt rescheduling contracts by 30 March were: Maceio, Goiania, Campo Grande, Porto Alegre, Natal, Sao Luis, Rio Branco, Cuiaba, Fortaleza, and Belo Horizonte.

According to federal government experts, the big absence in the list is the city of Sao Paulo.

According to the national Treasury, only $8.3 billion out of a total $23 billion in debt had been renegotiated by 28 February—that is, just seven municipalities had rescheduled their debts out of a total of 200 municipalities.

The reestablishment of the repayment flow will mainly benefit the CEF, which is the greatest creditor of states and municipalities. Out of the $8.3 billion renegotiated by the end of February, 85.4 percent is debts contracted

with the CEF. Government experts believe the CEF will be able to grant more credits now that it has the guarantee of repayment by its debtors.

Auditing Study Triples Estimated Cost of Nuclear Plant

PY0504225994 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Apr 94 p A23

[By Marcelo Faga]

[Text] An auditing study that the National Accounting Office (TCU) made of Furnas Electric Power Plants, Inc. has detected differences, amounting to billions of dollars, between the figures reported by Furnas and the real cost of construction of Brazilian nuclear power plants, especially Angra-2. The report, which raises objections to the figures released by Furnas, remained shelved for months within the TCU. Its conclusions could destroy the executive branch's reasons for justifying the decision to continue with the construction of the plant.

The auditing study reveals, for example, that Angra-2 has so far cost $5 billion, according to the most reliable calculations. This figure is more than three times the amount that Furnas has officially declared to have spent since 1977—$1.7 billion.

The TCU report also concluded that the estimates of the investment that is necessary for concluding the project are not reliable. It is expected that the plant will call for investments that are higher than the cost of a hydroelectric plant with the same generation capacity of 1,300 megawatts.

Based on the results of the auditing study, the Greenpeace environmentalist organization will request suspension of construction of the plant. "Angra-2 accounts have been revealed for the first time," says Greenpeace leader Rui de Goes. He remarked that the auditing confirms the theses of nongovernmental organizations which are against the nuclear program.

The TCU document has not only challenged the credibility of Furnas, but has also cast doubts over the accounts of the entire electric power sector. It says that in the face of the estimated cost, "nuclear energy is not competitive in Plan 2015," which was prepared by Eletrobras [Brazilian Electric Power Company Inc.]. "With the most pessimistic hypothesis, thermal power will not be competitive with hydroelectric power until 2005," the TCU report says, noting that the nuclear option is the most expensive thermal power generation alternative.

"For FURNAS, building a hydroelectric power plant or a nuclear power plant makes no difference, because the Union subsidizes the cost of nuclear energy," the TCU report says. Based on this report, the $5 billion that has already been spent, plus the $2.3 billion that is necessary for completion of the project, amounts to $7.3 billion for the total cost of Angra-2.

The limit for Furnas spending on the construction of Angra-2 corresponds to the amount that would be spent on a hydroelectric power plant of the same size—of approximately 1,300 megawatts. This would mean an investment of $1.2 billion for Furnas. The Treasury must supply the remaining $6.1 billion, which amounts to two minimum salaries for each Brazilian family.

These figures, however, could be even larger. The TCU auditing did not estimate the financial expenses included in the construction of the plant. In the case of Angra, they account for 40 percent of the cost. For its part, Eletrobras has other estimates of the cost for completion of the project. It estimates that $2 billion is necessary for completion of the project.

The TCU auditing study also has doubts about those estimates. "Angra-2 cost estimates should be considered cautiously." The report recalls the case of Angra-1, "whose cost was estimated at $319 million, but which turned out to be several times higher."

The conclusions of the TCU concerning Angra-1 accounts are equally devastating. The auditors estimated the cost at $3.9 billion, noting that this figure "affords a new base for calculation of the cost-benefit ratio for Angra-1," adding that this project "has obviously contradicted the terms of the economy-efficacy- efficiency trinomial." Angra-1 has been disconnected for one year, after a radioactive leak in the cooling system caused by a deficiency in the nuclear fuel rods.

Army Allocates $200 Million for Arms, Equipment

94SM0283B Sao Paulo ISTOE in Portuguese 2 Mar 94 p 67

[Article: "End of the Diet," by Jayme Brener and Flavio Pachalski, with contributions from Helio Contreiras in Rio Janeiro]

[Text] The Army's lean years—during the Collor de Mello administration there wasn't even enough money to feed the troops—seem to be nearing an end. At least this is what we infer from the plans announced last week by Army Minister Zenildo de Lucena during a lecture at the Army General Staff School (Eceme) in Rio de Janeiro. According to the minister, this year the Army will get $200 million to purchase weapons and equipment. The money is part of the $800 million that the government is supposed to inject into the Army's bank accounts over a four-year period. "We will not be able to leap into total modernization, but we will get up out of the bottom of the pit where we have been since the Collor administration," an official who attended the Eceme lecture told ISTOE.

The military command's idea is to split this year's $200 million into two parts. Half will be used—on the domestic market—to buy personal equipment, such as helmets. The other half will be spent on armaments imports. One of the stars of the transaction will be the purchase of fifty 105mm guns, the Light Gun model

made by the British firm Royal Ordnance that was used in the Falklands War (1982) and the Gulf War (1991). Four units had already been bought by the Army last year. Each gun costs between $800,000 and $1.2 million and has a maximum range of 24 km, twice that of the American M-101's, the venerable survivors of World War II that the Army now uses. Interest in the Light Guns goes way back, but the military budget squeeze led the government to make the purchase of the guns conditional on extremely favorable financing over a 10-year period. Of course the purchase did not go through.

But, attention! The deal with Royal Ordnance does not involve merely a potential arms purchase. "We are dreaming big," said General Armando Paiva Chaves, president of War Materiel Industry of Brazil (IMBEL). "We see this as a long-term relationship," a spokesman for the British company told ISTOE in London. Royal Ordnance has long-term experience—400 years of it, since it descended from the first British weapons factories. Its approaches to the Brazilian army gained new energy in 1991. The company is aiming high; it wants to retire a good part of Brazil's approximately 570 old 105mm guns, as well as some 155mm guns.

The British firm and the Brazilian military really embraced each other in 1992, when they formed the joint venture known as South America Ordnance. There are three partners, with equal shares: Imbel, the Schahyn Cury group and, of course, Royal Ordnance. The objective is to use Brazilian influence in Latin America to market British weapons. On the other hand, Royal Ordnance's worldwide network would enable Imbel to expand its business. The joint venture is exporting about $10 million every year in munitions. One of its customers is the Philippines. Malaysia and Thailand are likely to follow. All this is very hush-hush, according to a golden rule of the explosive world of the arms trade. On Wednesday, when the Brazilian military command was already rubbing its palms together in contented anticipation of the new Light Guns, Lenio Zimmer, director of South America Ordnance, was denying that the transaction had occurred. "We are only concerned with the technical part, we have nothing to do with the commercial aspects," was the justification he gave later.

There are some who say that the marriage between Royal Ordnance and the Brazilian Army is destined to fly even higher. For example, there could be an agreement that would write a happy ending to the soap opera of the bankrupt Engesa [Specialized Engineers, Inc.], the manufacturer of a good part of the Army's vehicles and tanks. That and any other flight would probably have as takeoff point the willingness of the Brazilian Government to beef up the military budget. The $200 million installment that is expected to be received by December, it is well to remember, was promised for 1993.

Foreign Minister Favors Talks Over Sanctions on DPRK

PY0504173994 Madrid EFE in Spanish 1242 GMT 5 Apr 94

[Text] Beijing, 5 Par (EFE)—Brazilian Foreign Minister Celso Amorim said here on 5 April that Brazil prefers dialogue to the imposition of sanctions on the DPRK because of its alleged nuclearization for military purposes.

The minister thus replied to a question asked by an EFE journalist on a request that U.S. officials made today in Brazil, asking this country to cooperate with an eventual imposition of sanctions on the DPRK if it refuses to engage in dialogue and does not follow the UN recommendations in this regard.

Amorim explained that developing nuclear weapons is not favorable to the DPRK's interest, but demanded prudence on the subject, noting that this would give more credibility to the United Nations, and adding that the Chinese position on the subject is "very constructive."

In response to another question asked by the EFE reporter on Beijing's opinion on the expansion of the UN Security Council, and—in a such case—about the possibility of Brazil occupying one of the new positions as a standing council member, Amorim replied that China and his country have several similarities on the subject.

Brazilian authorities, Amorim explained, believe that an expanded Security Council will have more legitimacy, will prevent the expansion of the imbalance between developed and developing countries, and will make Security Council action more efficient. He noted that the Chinese position "is very similar," although he gave no details of it.

Brazil and the PRC act jointly in the United Nations to preserve world peace, the chief of Brazilian diplomacy said. This, he said, falls within the framework of "strategic relations" that the two countries maintain.

The largest Latin American country seeks to reinforce its presence in Asia, with whom it maintains—except for the Middle East oil-producing countries—16 percent of its trade. This is why on 2 April Amorim held a working meeting with 24 Brazilian ambassadors accredited to this continent, including to the Russian Federation.

Brazil, which is under the supervision of the International Atomic Energy Agency (IAEA), recently ratified a nuclear cooperation agreement for peaceful purposes with Argentina and is willing to broaden this cooperation to the PRC, Amorim said.

Brazil also is willing to sign without conditions the agreement on the contrc! of medium-range missiles (MCR) [acronym as received] because, according to Amorim, it will allow a greater possibility of cooperation in the field of space research with countries like the PRC,

whose "Long March" rockets will place two Brazilian natural resources monitoring satellites in orbit by 1996.

The Brazilian foreign minister announced that his Angolan counterpart will visit Brazil to discuss the situation in his country, and he asked the National Union for the Total Independence of Angola (UNITA) for "the necessary flexibility" to reestablish peace in Angola.

Amorim, PRC's Qian Qichen Reach Accord on UN, GATT

PY0504230594 Rio de Janeiro O GLOBO in Portuguese 5 Apr 94 p 8

[From the "Swann" column by Ricardo Boechat]

[Text] The following is the outcome of a meeting held yesterday in Beijing by Brazilian Foreign Minister Celso Amorim and PRC Foreign Minister Qian Qichen:

Brazil will support the PRC's entry into GATT.

In return, the PRC will vote in favor of the expansion of the UN Security Council to incorporate Brazil as one of its permanent members.

Deterioration in Relations With IDB, IRDB Viewed

PY0504123794 Sao Paulo GAZETA MERCANTIL in Portuguese 31 Mar 94 p 1

[Article by Maria Clara R.M. do Prado]

[Excerpt] Brazilian financial relations with the multilateral credit organizations—the World Bank (IRDB) and the Inter-American Development Bank (IDB)—have deteriorated in the last two years. In 1993, the country transferred a net of $1.744 billion to the two institutions, of which $1.467 billion was to the IRDB alone.

These transfers represent what the country had to pay in interest and servicing of the debt in exchange for what it received in disbursements by the two organizations. In the case of the IRDB, the situation is worse because its yearly disbursement to Brazil decreased from the already low level of $800 million at the end of the 1980's to about $500 million the IRDB has been disbursing annually since 1992. In 1993, the IRDB disbursed only $471 million to Brazil and received $1.318 billion in debt service and $620 million in interest.

The value of the new loans also is decreasing. From the $1.344 billion the IRDB granted Brazil in 1992, the amount dropped almost 50 percent in 1993 and totaled only $636 million. As for the IDB, the loans decreased from $1.117 billion to $514 million.

All sorts of problems help explain the deterioration of our relations with these organizations. Brazil has no resources to offer as compensation for these loans, the projects' management is ineffective, there is a lack of continuity in the projects' domestic administration, and there are bureaucratic difficulties that delay the flow of resources. [passage omitted]

Sanchez Parodi Accepted as New Cuban Ambassador

PY0504233994 Madrid EFE in Spanish 2002 GMT 4 Apr 94

[Text] Brasilia, 4 Apr (EFE)—The Brazilian Foreign Ministry today reports that Brazil has agreed to the naming of Ramon Sanchez Parodi as new Cuban ambassador to Brasilia. Sanchez will replace Jorge Bolanos.

In an official note, the Brazilian Foreign Ministry stressed that between 1977 and 1989 Sanchez occupied "one of the most relevant and sensitive posts for Cuban diplomacy" as head of the Cuban Interests Section in the United States.

From 1989 to date, Sanchez, 55, has been a vice minister of foreign relations, a post to which Bolanos has now been promoted. Bolanos held the post of Cuban ambassador to Brazil for 7 years.

Brazil resumed diplomatic relations with Cuba in 1986 during Jose Sarney's government, after an interruption of more than two decades following the implementation of the one-party system on the island.

Brazilian companies have shown increased interest in economic and financial relations with Cuba, especially following the recent economic opening process.

Chile

Carabineros Commander Stange 'Not Leaving' Post

PY0504212594 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1800 GMT 5 Apr 94

[Text] Carabineros Director General Rodolfo Stange will not resign as a result of the first ruling on the case of the three slain communist leaders. Stange personally informed reporters of his decision at Government House after meeting with President Eduardo Frei Ruiz-Tagle.

The following is a report by Jose Miguel Alfaro:

[Begin recording] [Alfaro] President Eduardo Frei and the Carabineros director general held a 90-minute meeting amid an atmosphere of unusual security measures around the La Moneda Palace and great expectation among journalists and the crowd that gathered at the door on Constitution Plaza.

General Stange arrived at La Moneda a little after 0930 and entered La Moneda through the door on Agustinas Street. After the 90-minute meeting with the president, Stange went to the Government House News Room where Government House correspondents were waiting for him. He made the following statement:

[Stange] We held an extensive meeting during which he had the courtesy to listen to me. Therefore, I am not leaving.

Judge Juica's ruling suggests that the military courts should investigate to establish whether or not justice was obstructed.

I want to make it perfectly clear that I personally was not involved, nor was my name ever mentioned, in the kidnapping or killing of the three communist leaders. I want to make this perfectly clear.

The much-discussed recording does exist. It was recorded secretly. I urge people to read the full transcription of this tape and not just parts of it. The full transcription of the tape clearly shows that the person who made the recording reasserts to me he is completely innocent of the charges of which he has now been formally charged. Therefore, I urge you to read the full transcription of the tape and not just portions of it, because this only distorts a perfectly clear situation.

Judge Juica investigated this case for many years. If he recommends the military courts to investigate who is responsible, I will comply with his decision.

We are living in a democracy, and anyone can request whatever he wishes under the law. But it is a completely different matter for me to be held responsible for other people's guilt.

I have kept quiet precisely to see who wants me to retire. I am now responding to some of these extravagant expressions. I am not leaving.

[Several journalists ask questions simultaneously]

[Stange] Thank you very much. [end recording]

Frei Tells Stange To Retire

PY0604020394 Santiago Radio Cooperativa Network in Spanish 2300 GMT 5 Apr 94

[Report by Osvaldo Vega from La Moneda Palace]

[Text] Today President Eduardo Frei personally told Carabineros Director General Rodolfo Stange that he needs to retire from the institution.

This information was released through an official communique by Minister Secretary General of Government Victor Manuel Rebolledo this afternoon, after General Stange said at noon today after meeting with President Frei that he would not retire.

Minister Rebolledo said that according to the government the decision of Judge Juica, who proposes the opening of criminal proceedings against Carabineros Generals Cesar Mendoza Duran, Rodolfo Stange, and other officers for serious violations of military duties, puts the Carabineros in a worrisome situation, as it obstructs the effective and adequate fulfillment of their functions. Rebolledo added:

[Begin Rebolledo recording] Based on this situation, and with the purpose of guaranteeing above any other consideration the solidity and good operation of the Carabineros for fulfilling its duties, his excellency the president of the Republic conveyed to the Carabineros director general the need for him to retire, as a patriotic gesture in favor of the institution and the country. Unfortunately, Gen. Stange did not respond in a positive manner to the president's request. The president of the Republic, acting on behalf of the high interests of the country and of the Carabineros, trusts that Gen. Stange will reconsider his position, and if he does not the president will proceed to summon the National Security Council at the appropriate time. [end recording]

Minister Rebolledo did not answer questions from reporters on the government's deadline for Gen. Stange to reconsider his position, or when the National Security Council would be summoned by the president in case of a negative answer from Gen. Stange. President Frei will preside over the council, which is also made up of the Senate president, the comptroller general, the commanders of the Armed Forces, and the Carabineros director general, all of whom have the right to vote. The other officials who can attend the National Security Council meeting, but without the right to vote, are some ministers.

Court Acknowledges German Petition on Citizens

PY0504153494 Santiago Radio Cooperativa Network in Spanish 1100 GMT 5 Apr 94

[Text] The Supreme Court acknowledged a petition from the German courts requesting a series of judicial actions regarding the arrest and disappearance of three Chilean citizens by German citizens residing in the Dignidad Colony [in Chile].

The court acknowledged the petition filed by Bonn's attorney general within the framework of legal proceedings against Dignidad Colony leader (Paul Schaeffer), suspected of being responsible for several murders.

Investigations in Germany refer to the murder of Alvaro Vallejos Villagran, aka Loro Matias; Alfonso Chanfreau; and Ezequiel Poncio Vicencio.

This information was disclosed by attorney Sergio Corvalan, who represents the Bonn court in Chile:

[Begin Corvalan recording] Basically, the petition requests the questioning of witnesses, one of them a German citizen who is not a member of the Dignidad Colony and the shipment of attested copies of legal documents, as well as information from the Rettig Commission archives so it can be officially included in the case being handled by the German court. [end recording]

Corvalan noted the significance of the Supreme Court's decision to acknowledge the petition because this is the first time the Chilean court has not objected to the

German court's desire to investigate possible crimes committed by German citizens in Chile.

Corvalan added that he will request that (Paul Schaeffer) appear before the Bulnes Court once again within the framework of another lawsuit, a civilian one in this case, filed by the Dignidad Colony against one of its former leaders, (Hugo Bar).

Corvalan explained that (Schaeffer) appeared before the Bulnes Court on 31 March, but that he had been summoned for today, which represents an irregularity that annuls the proceeding.

Colombia

Presidential Hopefuls Respond to TIME Article

PA0504193894 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 5 Apr 94

[From the "National Newscast"]

[Text] According to a TIME magazine article, the Clinton administration is concerned because a narcodemocracy could be forming. The article stated Cali Cartel money is available for use in the election campaign. According to the magazine, the situation has reportedly led top Clinton administration officials to meet with presidential candidates Ernesto Samper and Andres Pastrana to warn them about Cali Cartel attempts to infiltrate their campaigns. Pastrana has denied such a meeting was held.

[Begin Pastrana recording] That is information which is published in EL TIEMPO today and which was published by TIME magazine, but I have no knowledge of this. I am now sending a letter to the overseer and to the U.S. ambassador because I believe the situation must be clarified. [end recording]

Ernesto Samper, meanwhile, admits he did discuss the topic with White House officials.

[Begin Samper recording] During several meetings I have held with State Department officials, we discussed various topics. We also talked about campaign financing. [end recording]

Pastrana Demands Investigation of Wiretapping

PA0604041194 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 5 Apr 94

[From the "24 Hours Newscast"]

[Text] Andres Pastrana Arango, New Democratic Force's presidential candidate, demanded a thorough investigation of the delicate wiretapping incident reported by the SEMANA magazine.

[Begin recording] [Pastrana] The incident is very serious. The country expects it to be clarified. We cannot understand how a group as important as the Santo Domingo Group can be involved in wiretapping, as the magazine reported. Today, the country demands an explanation. It is important to clarify this problem.

[Reporter] Will the government intervene?

[Pastrana] It should. Reports have been filed with the attorney general. [end recording]

Santo Domingo Group Said Involved

PA0604044994 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 5 Apr 94

[From the "24 Hours" Newscast]

[Text] A telephone espionage scandal involving the Santo Domingo Group and SEMANA magazine sparked different reactions today. Bavaria Brewery president Augusto Lopez Valencia spoke from Cartagena:

[Begin recording] [Lopez] I am going to make a very brief comment because last week Felipe Lopez sent me a publication which carries a report about alleged telephone conversations. This situation was totally clarified. Lopez said SEMANA magazine, which I have yet to read because I was in meetings all day, published a completely different report. Our lawyers are studying the report and will issue a communique today or by tomorrow morning at the latest.

[Unidentified reporter] What measures will the company take?

[Lopez] The company is studying the matter. It is a very delicate issue [words indistinct].

[Reporter] Do you think there will be a [words indistinct]?

[Lopez] It is not what I believe, but I think the country has already witnessed this. [end recording]

The Santo Domingo Group sent a fax to the media a few minutes ago. The fax states: SEMANA magazine published a report that illustrates the persecution to which the Santo Domingo Group has been subjected for a long time and which has increased since we received the contract to operate cellular telephones in the northwestern and coastal regions, where the communications [words indistinct]. SEMANA magazine reports that this scandal, which involves Mario Santo Domingo himself, started when Beatriz Davila, Mario Santo Domingo's wife, explained the dismissal of her brother-in-law, Carlos Perez Norsa Garay, from the Avianca board of directors. Maria del Pilar Ortiz filed a report.

[Begin Ortiz recording] The latest issue of SEMANA magazine published a front-page report that went on for five pages detailing an alleged espionage case. According to the magazine, businessman Julio Mario Santo Domingo listened to the conversations of Felipe Lopez, the magazine's president. This is telephone espionage.

According to the report, Carlos Perez Norsa Garay was dismissed from the board of directors of Avianca, which belongs to the Santo Domingo Group, after 10 years as a member. Augusto Lopez dismissed him unexpectedly. When Perez requested an explanation, he talked to his sister-in-law, Beatriz Davila, wife of Julio Mario Santo Domingo. The magazine reports that she told him: I have some tapes containing a telephone conversation where you told Felipe Lopez bad things about the group. She also gave other details that she was not supposed to know. According to Santo Domingo's wife, Felipe Lopez himself taped the conversation, and Bavaria Brewery Company President Augusto Lopez gave the tape to her husband. Augusto Lopez, in turn, told the prosecutor general that Felipe Lopez had given him nothing and that the recording did not exist; therefore, he had never been able to take it to New York.

SEMANA magazine told Prosecutor General Gustavo De Greiff about the case a week ago. Carlos Perez himself told the president. The SEMANA article hints that someone is lying because it seems that the recordings indeed exist. It is not known who made them or how they were made. The article also implies that if this telephone line was tapped, something similar could be done with the telephone line of a minister or a competitor in a bidding process. It is known that the Santo Domingo Group will operate a large share of cellular phones in the country. When the communications minister was asked about the case, he said the one thing had nothing to do with the other. Should it be proved the telephone taps did occur, there would be a legal punishment that would not affect the contracting process. [end recording]

Roundup of Economic Developments

PA0504144894

[Editorial report] The following is a compilation of reports on economic developments monitored through 5 April.

The Agriculture-Livestock Marketing Institute [Idema] has said the government was forced to suspend Venezuelan rice imports due to a fall in Venezuelan rice production; consequently, it has authorized rice imports from China and Vietnam. Idema said despite rice imports, the country's rice stock remains very low. (Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 29 March 94)

Recent figures show that in the past month, the consumer price index registered a 2.21-percent increase while the accumulated figure for the first quarter of 1994 is around 10 percent. According to the National Administrative Department of Statistics, prices in the health sector, compared with the other sectors, showed a considerable rise. (Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 2 April 94)

Agriculture Sector Views Rise in Inflation

94SM0280B Santa Fe de Bogota EL TIEMPO in Spanish 5 Mar 94 p 3B

[Article by Jaime Cristancho Gomez]

[Text] A new dispute has erupted between farmers and the board of directors of the Bank of the Republic about the rise in inflation. Agricultural sector spokespersons charge that some Bank directors and certain economists "act as if they live in a developed country." They pay no attention to rural poverty and focus only on statistics, while ignoring social considerations.

Spokespersons for the sector defended the Ministry of Agriculture for implementing agricultural recovery programs. The codirector of the Bank of the Republic, Maria Mercedes Cuellar de Martinez, blamed those programs for contributing to this year's increase in inflation, especially in February, when it was 3.68 percent.

The president of the SAC [Association of Colombian Farmers], Cesar de Hart Vengoechea, said the Bank of the Republic is not behaving responsibly when it blames inflation for errors in its calculations.

"In 1992 and 1993, the cost of living attributable to agriculture was used to cover up rises in other components of inflation, especially items for which the state is responsible, like utility rates and public services," said de Hart Vengoechea.

"It is time for the people who design economic policy to answer to the nation for their actions, due to their high social costs," he added.

The president of Fedegan [Association of Colombian Cattlemen], Jorge Visbal Martelo, said meat and milk price increases have been normal, below this year's projected inflation rate (19 percent).

"In our case, middlemen keep most of those increases. This year meat and milk prices will not go up very much. I can put consumers' minds at rest about that," said Visbal.

The director of Fedearroz [National Rice Growers Federation], Rafael Hernandez Lozano, said rice prices have been repressed, hurting profits in this sector.

In 1992, when inflation was 26 percent, the price paid to growers rose 4.8 percent; in 1993, when the cost of living index was 22.60 percent, prices paid to rice growers rose 14 percent.

Hernandez said that this year rice prices should rise between 25 and 28 percent. "That has already started," he added.

"In inflationary periods, services and public spending go up and nothing is done about that. If we accept the unfettered operation of neoliberalism, the free market, as proposed by the National Planning Office and the

Bank of the Republic, rice prices should go up 100 pesos per kilo this year," said the Fedearroz director.

Agriculture, a Burden

According to the manager of Fenalce [National Federation of Cereal Growers], Adriano Quintana Silva, "grain growers cannot be held responsible for the rise in inflation." In his view, corn and sorghum producers are being overwhelmed by imports, and he asked that those grains be protected by the government.

"Economists consider agriculture a burden. Their problem is: what we do with the sector? They see nothing beyond cold mathematics, as they are only concerned about reducing inflation. They want cheap food with guerrillas, crime, and many social problems," said Quinta.

The president of Fedepapa [Potato Growers Federation], Augusto del Valle, said potato prices will go up until May, starting from last December, by about 80 percent, but will then begin to decline in the second half of the year.

"I support food imports. But what do we do about very low-tech campesinos, people who grow crops on vertical slopes? According to people from the Bank of the Republic, they should just go away. How? By digging a trench around them? Where do we put those people? Economists have skin as tough as a crocodile's. They seem impervious to social phenomena," commented del Valle.

Ministry Does not Control the Climate: Ocampo G.

Armenia Minister of Agriculture Jose Antonio Ocampo Gaviria denied charges by some members of the board of directors of the Bank of the Republic, and said that a number of climate-related factors helped to boost inflation during the first two months of 1994.

The minister denied that the government's present agricultural policy was responsible for the rise in inflation and said that, among other factors, the climate played a role.

Ocampo mentioned the Bank of the Republic and said that probably "some members of the board thought that as HIMAT [Colombian Institute of Hydrology, Meteorology, and Land Improvement] is part of the Ministry of Agriculture, the Ministry controls the climate."

Ocampo Gaviaria was in Armenia to take part in a seminar to publicize the General Agricultural and Fishing Development Law.

He announced that within the next few days the government will finalize two measures to protect campesinos whose yucca and fiber production (for bags) has been hurt by lowered trade barriers.

Ocampo said that when a certain type of import is detrimental to farmers, the law provides protective mechanisms that may be initiated or requested by private individuals, the private sector, or by the government itself.

Ecuador

Roundup of Economic Developments

PA0504143294

[Editorial report] The following is a compilation of reports on economic developments monitored through 5 April.

The Ecuadoran Government has announced the inflation rate for March was 2.64 percent, bringing the yearly total to 31.62 percent. Juan Jose Illingworth, director of the Institute of Statistics and Census, told reporters during a news conference in Quito the government is still determined to attain its goal of reducing inflation to 20 percent by the end of 1994. (Mexico City NOTIMEX in Spanish 2027 GMT 31 March 94)

The government has decided to increase prices for super gasoline to 3,000 sucres per gallon. The March currency exchange rate, according to authorities, caused the increase. (Quito Voz de los Andes in Spanish 2300 GMT 1 April 94)

Industry Minister Jose Vicente Maldonado has announced Ecuador will ask the Andean Group meeting to postpone discussions on the common import tariff. The group is scheduled to meet on 4 and 5 April in Caracas. The decision comes in response to a request by private industrialists. (Quito Voz de los Andes in Spanish 2300 GMT 1 April 94)

Paraguay

Government To Officially Receive Cuban Foreign Minister

PY0504184894 Asuncion ABC COLOR in Spanish 5 Apr 94 p 13

[Text] On 4 April, Paraguayan Foreign Minister Dr. Luis Maria Ramirez Boettner confirmed the government will officially receive Cuban Foreign Minister Roberto Robaina, who announced his visit to our country as part of his South American tour that also includes Uruguay, Peru, and Argentina.

Ramirez Boettner made it clear that he personally will be unable to receive the Cuban foreign minister because it coincides with a scheduled visit to Morocco (Africa) where he will sign a final document on the Uruguay Round of GATT talks. The Paraguayan foreign minister added: "It is not that we will not receive him. It is just that it coincides with my visit to Morocco. Therefore, Vice Foreign Minister Cabello Sarubbi will be in charge of taking care of him."

Robaina, who is now in Montevideo, said: "The purpose of my visit to South American countries is to explain Cuba's current situation to the presidents and announce the opening of our markets to foreign capital, which will not be limited," in an effort to overcome the island's delicate economic situation.

The Cuban foreign minister held three official activities in Uruguay on 4 April. Robaina met 30 minutes with Uruguayan President Luis Alberto Lacalle Herrera, paid tribute to Uruguayan hero Jose Gervasio Artigas, who was exiled to and died in our country, and met congressmen from the three Uruguayan political parties (Blanco, Colorado, and Broad Front). Foreign Minister Robaina's duties include reviewing a way in which Cuba might settle a $33 million debt to Uruguay. This point will be discussed when he meets Central Bank President Enrique Braga.

Cuban ambassador Manuel Aguilera de la Paz, who began his duties on 18 March, told journalists: "We are not in a position to pay at this time, but we are actually willing to find new ways of contributing to finding a solution to begin paying this debt."

The Cuban foreign minister said the invitation to invest in his country has been prompted by the new economic measures promoted by Cuban President Fidel Castro's regime. Robaina emphasized: "We have no limitations on the reception of capital. No one has been excluded." He added that tourism, oil, nickel, citrus, and agriculture in general are the most attractive areas for foreign investment.

President Wasmosy Departs for European Tour

PY0504213894 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1600 GMT 5 Apr 94

[Excerpt] President Juan Carlos Wasmosy and a small entourage departed for Europe today. He will visit countries like Belgium and France where he has important engagements.

According to the presidential agenda, Wasmosy will meet with the president of the European Parliament. He is accompanied by the foreign minister and the French ambassador to our country. Wasmosy will also meet with members of Radio Netherlands International. He will visit the EC headquarters in France where he will meet with the EC commission president. Wasmosy will also meet with directors of the European Investment Bank and with Jacques Delors.

The president will also talk about rescheduling the servicing of the foreign debt with the Paris Club for the period 1994-98. [passage omitted]

Peru

Minister Discards Immediate Return to Andean Group

PY0404232294 Madrid EFE in Spanish 1953 GMT 3 Apr 94

[Text] Lima, 3 Apr (EFE)—The immediate return of Peru to the trade integration program of the Andean Regional Group (Gran) was discarded today by Peruvian Integration Minister Liliana Canale.

Beside Peru, the Gran includes Bolivia, Colombia, Ecuador, and Venezuela.

Minister Canale left for Caracas to attend a meeting of the Cartagena Accord Commission. She said Peru will resume all its commitments in the Gran "as distortions affecting regional trade are eliminated."

Canale thus alluded to the fact that Peru's partners in the Gran have an external common tariff of four different scales (5, 10, 15, and 25 percent) while Peru virtually has one 15 percent rate.

Before leaving, Canale said: "Instead of thinking of an urgent return to the group, we must consider how to strengthen Andean trade." She added: "We will consider returning as tariff distortions are eliminated."

Peru suspended its participation in the commercial program of the Gran in August 1992, with the agreement of its partners, until December 1993 when it requested an indefinite extension.

Meanwhile, Peruvian trade with the other four members of the group continues through bilateral agreements which, according to Canale, will be strengthened in the next few months.

Obligations To Be 'Gradually' Resumed

PY0604013994 Lima Radio Programas del Peru Network in Spanish 1800 GMT 5 Apr 94

[Text] Today, Industry Minister Liliana Canale said Peru will gradually resume its obligations with the Andean Pact. She added that Peru has not returned to the subregional group, which is also made up of Venezuela, Bolivia, Colombia, and Ecuador, because Peru never left that organization.

She indicated that Peru is only resuming its obligations with the Andean Pact based on certain conditions. Among these, she mentioned the fulfillment of the proposal made by Peru in the meeting being held in Caracas. Our country requested the elimination of any type of export subsidies as well as of the distortions in external tariffs.

Shining Path Factions Clash in Huancayo Prison

PY0604011994 Madrid EFE in Spanish 0030 GMT 5 Apr 94

[Text] Lima, 4 Apr (EFE)—At least 10 convicts were wounded, some of them seriously, during a knife fight between two factions of the Shining Path at the prison of Huancayo City, in the Central Andes Region. The bloody fight was the outcome of an "ideological debate" between one faction which supports Shining Path leader Abimael Guzman, who wants to make peace with the government, and another faction which rejects the proposal and insists on continuing the "popular war" that it declared against Peruvian democracy in 1980.

An officer of the Huamanccacca Prison of Huancayo reported that the confrontation began when the dissident group called Red Path [Sendero Rojo], which rejects peace, launched a harsh verbal attack against Guzman during a Shining Path meeting in which the subversive chief's peace proposal was being discussed. Prison personnel and police had to separate the two factions, the source reported.

Shining Path is experiencing a prolonged crisis, which began with the capture of Guzman in September 1992 and which became even more critical one year later when the gang divided in to two factions because of the leader's proposal, who acknowledged the political and military defeat of his organization.

Industry Minister on Harmonization, Foreign Investment

94SM0291A Lima EL COMERCIO in Spanish 27 Feb 94 p A4

[Interview with Industry Minister Liliana Canale Novella; place and date not given: "Government Seeks Outward-Looking Economic Model"]

[Text] The Ministry of Industry, Tourism, Integration, and International Trade Negotiations [MITINCI] is a complex portfolio that spans diverse areas of the country's economic activity, all of them keys to national development. To these must be added the fundamental task performed by Prom-Peru at the international level. Responsible for all these sectors is Minister Liliana Canale Novella. In an interview granted to EL COMERCIO, she provides details of her ministry's policy, and particularly those related to industrial development during the past few years, the outlook with respect to tourism, our position with respect to the Andean Pact, how the country should approach the new 21st century economy of blocs, and Peruvian efforts to improve its image abroad.

Following is a summary of EL COMERCIO's dialogue with Minister Canale.

[EL COMERCIO] Minister Canale, now that you are at the head of MITINCI, what will be your policy lines?

[Canale] We shall continue along the line begun by Jorge Camet, toward liberalization of the market and the attainment of other conditions such as the elimination of excessive regulation and complex red tape, which make it difficult to speed up investments in the productive sector.

[EL COMERCIO] Regarding a sector as important as small business, what will be your policy?

[Canale] In this regard, we shall make information readily available to these small-business and microbusiness sectors. We shall also play a promotional role in support of the work being done by Prom-Peru to promote investments, tourism, and exports.

[EL COMERCIO] Speaking of national industry, what has been the development of this subsector since 1990?

[Canale] I believe there have been advances in everything concerning regulation and liberalization of the market. Since the beginning of the reforms of the state structure, the indices have been very promising, especially in the manufacturing sector, whose growth rate has attained 9.3 percent. For the time being we want to at least maintain a similar rate for this year.

[EL COMERCIO] And what about tourism?

[Canale] Tourism from abroad attained a growth rate of almost 30 percent in 1993. Domestic tourism, supported by FOPTUR [Tourism Promotion Fund] is exhibiting a growth that in the initial months of this year has already reached 20 percent, despite the fact that January and February are very low months.

[EL COMERCIO] What other aspects will your ministry develop, especially with regard to exports?

[Canale] The export sector will be given special status as regards support and improvement of the system of temporary imports.

[EL COMERCIO] Do you envision improved conditions for investment?

[Canale] As for the industrial sector, we shall have a sizable influx of foreign investments in local industries. This will enable us to create favorable conditions for the coming years.

[EL COMERCIO] Many are wondering what the purpose of a Ministry of Industry is in a free market....

[Canale] We have been playing an important role. For example, we have facilitated the liberalizing of the economy at all times. We are supporting an outward-looking economic model. This involves not only the macroeconomic environment, but also the creation of sectorial conditions that will favor a rapid technology transfer, thus enabling us to create neutral competitive conditions that in turn will help our exporters to compete on an equal footing with exporters anywhere in the world.

Negotiations and the Andean Pact

[EL COMERCIO] Are we approaching the time when a decision will have to be made with respect to the Andean Pact? What is Peru's proposal?

[Canale] For obvious reasons of negotiation, Peru's proposal will be revealed when it is presented to the ministers of the Andean Group. But there is an important principle. We want balanced trade among the partners in the GRAN [Andean Regional Group]. Therefore, our proposal will seek mechanisms to facilitate harmonization of the macroeconomic policies that today are distorting trade.

[EL COMERCIO] Will it seek equality of conditions in regional trade....

[Canale] Our proposal will seek to expand trade channels, do away with distortions and inequalities, and advance the policy of macroeconomic and commercial standardization.

[EL COMERCIO] But what basic building blocks might this proposal contain?

[Canale] The proposal contemplates a rise in the level of trade with the other Andean partners. As a basic principle, we do not want to rigidly support a process of integration that may bring into play issues that go beyond that of the free-trade zone.

[EL COMERCIO] But is Peru in a position to become a full-fledged member of the GRAN?

[Canale] The issue of a joint schedule of customs duties on imports from abroad has not yet been resolved, and—except for Peru—the countries that favor this approach have not yet reached full agreement on it. In any case, it is an overall issue that encompasses the GRAN as a whole, and not the Peruvian position alone. I think it would be very helpful if the press would aid in creating awareness of the fundamental and worldwide economic principle involved. The question is not whether Peru is or is not in a given position. We need to understand that we can all grow together if we all struggle together, to homogenize our macroeconomic policies.

[EL COMERCIO] The essence of the issue with the GRAN is the flat 15 percent customs rate. Will this level be reached in 1995?

[Canale] It is one of Peru's goals. But the when and how is entirely the responsibility of the MEF [Ministry of Economy and Finance], which handles customs tariff policy. However, within the government's policy, our goal remains a flat customs rate. Consideration must also be given to something that in any case is positive. One sees the flat customs issue and forgets that provision is also included for knocked-down machinery imports, for example, on a partial payments basis.

[EL COMERCIO] We have become part of a bloc-oriented trade policy or "economy of blocs." How does Peru fit into this new context of economic and trade relations, with respect, for example, to the Free Trade Agreement?

[Canale] What is occurring is a rather attractive hemispheric integration. I believe that globalizing the international markets creates important advantages for all countries. And we are hoping to develop the genuinely competitive advantages. Achievement of a hemispheric bloc will depend on the progress made by each country. It is an issue that as yet has not been negotiated.

[EL COMERCIO] We came out of the GATT negotiations in good shape....

[Canale] The Uruguay Round package has yet to pass the test of formal acceptance by the Congress; but we the executive branch are in agreement with what has been negotiated. Our position was studied and agreed to by the country's business men. Approximately 98 percent of the products being traded are already being subjected to the 15 percent tariff. When one joins the GATT one negotiates the consolidation of certain customs duties and determines a ceiling. Ours is 30 percent. This means that we cannot go beyond that ceiling. Our customs duty may actually be 15 percent, but it is normal in GATT to always keep a reserve, a margin for negotiation. In no case, however, shall we go beyond 30 percent. This rate does not affect the farm products that are subject to surtaxes.

[EL COMERCIO] What can you tell us regarding the forthcoming bilateral agreements?

[Canale] We shall begin talks with Mexico to work out agreements on complementary economic relations, with a view to liberalizing trade in some sectors. In an initial meeting we shall define everything relative to the general lines of those agreements and the concomitant regulatory framework. We shall also draft a viable trade agreement. In all of this, much will depend on the comprehensiveness of application of the regulatory framework. We must consider all aspects of taxation, liberalization of transport, and everything related to our agenda for the reciprocal development. This gives you an idea of the scope of the forthcoming negotiations.

[EL COMERCIO] And about the bilateral agreement that has been signed with Brazil?

[Canale] The agreement signed with Brazil on 31 December is in the process of formalization as regards marketing; but it goes much deeper. As regards Brazil and Argentina, the possibilities of expanding the list of products having favored tariff treatment has been reduced by Mercosur [Common Market of the South] guidelines, such as evaluation of joint external customs duties and harmonization of macroeconomic management policies. These are factors that the presidents watch rigorously. The expansion of lists with those countries cannot be very extensive; but we have had talks aimed at incorporating some products between now and May that can be of interest from an export viewpoint. We are

hopeful that negotiations with Chile can be concluded during the first half of this year. In any event, they will have to do with the development of complementary economic relations.

Pending Review

[EL COMERCIO] Nevertheless, there are other agreements that have already been signed and are currently under review....

[Canale] We have a request by the Cuban Government to expand our limited-trade agreement. It is an agreement we signed many years ago within the framework of the ALADI [Latin American Integration Association]. We will review the items having favored tariff treatment. We are also working on extension of the time limit on Andean tariff preferences within the European market that were granted to countries affected by terrorism or drug trafficking. We are conducting a support and justification action together with the benefiting countries, aimed at extending the benefit of zero customs. We also have preferential zero tariff treatment in the American market for a large group of products such as leathers and footwear.

[EL COMERCIO] A question that is a must when speaking of integration and international trade, and that is the talk of many analysts: Will we be able to join Mercosur in the very near future?

[Canale] Our agreements with Brazil and Argentina are bilateral approaches within the framework of ALADI. We are thinking in terms of a process of hemispheric integration. We must gradually adjust the mechanisms that will gradually bring about this integration among countries with such dissimilar productive structures and such different trade policies, bringing these countries together in pursuit of the development of parallel trading and a harmonization of commercial policies. Our country's particular interest is to further the process of liberalization.

[EL COMERCIO] As regards tourism, there has been talk of investments totaling some $100 million....

[Canale] Investments totaling $100 million have been arranged. A sizable group of foreign investors is interested in expanding the hotel infrastructure, besides participating in the Entur-Peru privatization process. There is interest in the exportable offer of adventure-type tourism. This is a very positive year, which therefore calls for investment in infrastructure and services. We are supporting this effort through Foptur.

[EL COMERCIO] A part of your work will be related to Prom-Peru. Will there be a change of promotion strategy?

[Canale] We shall continue actively supporting the projects already under way in all areas, such as exports and investments. We shall become involved in promotion aimed at attracting investments. We are planning a second visit to the European countries, because the first was very successful; and we will be resuming implementation of our work program. Our missions will be participated in by ministers of state and businessmen, or businessmen alone. Within 15 days, we are expecting visits by a group of businessmen from the United Kingdom, and another group from Japan. These visits are not necessarily being organized by Prom-Peru; but Prom-Peru is providing the necessary support for them.

'Concern' Over Government's Cash Windfall Discussed

94SM0289A Lima SI in Spanish 7-13 Mar 94 pp 14-15

[Unattributed article: "Election Coffer"]

[Text] Now that dollars from the privatization program are beginning to shower down like rain, there is a legitimate concern about the fabulous election coffer which the government will have available in 1994.

In the first place the income from privatization will not be the $886 million which the executive branch forecast when it prepared the 1994 Budget. Let us say, in a preliminary way, that the income from privatization will be very much larger.

To the $1,391 million which the Spanish offered (obtained by subtracting $691 million for the purchase of 15 percent of the new shares of stock from the $2,002 million available) should be added $67 million from the sale of Cementos Yura [Yura Cement Company] and what is expected to be obtained from the sale of CENTROMIN [Central Mining Enterprise]—despite the fact that $60 million will be contracted in additional foreign debt. This amounts to about $300 million in cash.

From the sale of INTERBANC [International Bank] and Banco Intercontinental [Intercontinental Bank] it was anticipated that about $200 million would be received ($50 million for INTERBANC and $150 million for Banco Continental). Another source of resources will come from the sale of the Lima Electricity Company, from which another $500 million are expected to be obtained. From the privatization of the Tintaya Mining Company, it is reasonable to expect $50 million; from Cementos Lima [Lima Cement Company], $55 million; from the PARAMONGA Company, another $40 million; from Cementos Pacasmayo [Pacasmayo Cement Company], $30 million; from Pesca Peru [State Fishmeal and Fish Oil Production Agency], $30 million; and from Electro Peru [Peruvian State Electric Power Enterprise], another $300 million.

Adding all of this up, we can say that if the flow of cash which began with the sale of CPT—Entel Peru [Peruvian Telephone Company—National Telecommunications Enterprise] should continue, the government may wind up receiving nothing less than $2.5 billion from the company privatization program.

The only thing left to do is to make sure that the rest of the Special Privatization Committees (CEPRIS) show the same seriousness, professional integrity, and openness as were displayed by Javier Tovar in the privatization of the Peruvian Telephone Company and Dr. Alberto Pandolfi in the sale of the Yura Cement Company.

When the government thought that it would barely obtain $886 million from the privatization program, it also had as its goal tax income barely amounting to 8.5 percent of Gross Domestic Product [GDP].

The present pace of tax collection has grown spectacularly. It now stands at 12.5 percent of GDP.

Sandro Fuentes, the superintendent of the Tax Administration, has just collected 1,971 million nuevos soles in January and February 1994, setting an astonishing record. At this level of tax collection the government will have an additional 4.0 percent of GDP in tax income which it did not anticipate when it prepared the budget. These four percentage points of growth in tax revenue amount to no less than $1,640 million in additional funds for budgetary expenditures. What good luck!

You do not have to be a wizard to bet that government officials are going around with big smiles on their faces. The $2.5 billion obtained from the privatization program (compared to the $886 million anticipated from it), plus the $1.6 billion from additional tax collections, are a welcome surprise for anyone.

According to the 1994 Budget Law, budgeted expenditures amount to $5.9 billion. At the present rate of tax collection about $5.0 billion could easily be collected in 1994, as a result of which the government will soon have a budget surplus of 7.0 percent of GDP (about $2.8 billion).

Calculating the result is easy if you add to the $5.0 billion in tax collections the $900 million obtained from foreign loans, the $300 million from the issuance of domestic bonds, and the $2.5 billion in income from the privatization program. This amounts to $8.8 billion in income, against expenditures in the order of $5.9 billion, as provided in the budget law.

The $2.9 billion surplus will be a great temptation for President Alberto Fujimori. Perhaps that is why the IMF visiting mission has urged that the income from the privatization program ($2.5 billion) should go into an account which cannot be touched.

The election coffer which President Fujimori had before the resources obtained from the sale of the telephone company to Spanish interests appeared on the scene was not insignificant.

The government had and still has $650 million budgeted for investment expenditures in 1994. With these resources the construction of the Pasto-Grande, Chavimochic, and the Olmos and Tinajones projects, etc., will be continued. To these investment expenditures the government is adding the $154 million which Manuel Estela Benavides has available under the FONCODES [National Compensation and Social Development Fund] for programs to relieve poverty.

As if all of the foregoing did not amount to much, we published in issue No. 364 of SI a confidential document from the Ministry of the Presidency, in which it is proved that Raul Vittor Alfaro, the new cabinet minister, will have $456 million to spend in 1994 from resources obtained from FONAVI [National Housing Fund]. (Some $156 million of this total were carried over in the accounts from 1993 and almost $300 million will be provided by FONAVI in 1994.)

The arbitrary way in which the government spends the resources of FONAVI is an open secret. As an example of the height of irresponsibility no reliable system has even been set up to recover these resources. Out of the hundreds of millions of dollars which have been misappropriated only a handful of dollars has been recovered.

Each time that the president makes a trip to some outlying area of the country he offers running water and drainage systems, or the construction of a college, with resources obtained from FONAVI—as if this money was part of the budget. Another important resource which the president's reelection campaign will have is the $500 million in International Technical Cooperation which will come into the country in 1994, as Eduardo Ishi Ito, the deputy minister of international cooperation, stated on 17 January to EL PERUANO, the official daily newspaper.

Finally, how these $500 million dollars—which other countries extended to us as a gift—will be divided up remains a great mystery. On repeated occasions SI has tried unsuccessfully to obtain this information from the highest reaches of the government. The silence has been that of the tomb. Finally, Ishi Ito has drawn aside the veil over the astonishing size of these resources: $500 million. Having so much money available is quite a temptation. There are the $2.5 billion from the privatization program and $1,640 million from additional tax collections. These funds will be a powerful kind of fuel for the reelection campaign which is approaching.

If you add to this additional income the $650 million in investment expenditures under the budget, the $154 million from FONCODES, the $456 million from FONAVI, and the $500 million in International Technical Cooperation funds, the campaign chest will burst from its present state of being full.

In short, even before the bid for the purchase of Telefonica Peru [Peruvian Telephone Company] is opened, the government already has a powerful election campaign chest of $1,760 million.

To this figure should be added the $1,614 million in increased income from the privatization program and the steady increase in tax collections, expected to amount to $1,640 million in 1994.

These $5,014 million should not be spent or given away on public works which do not support development over the medium term. On the other hand it is not easy to spend so much money. The daily pace of expenditures should be in the order of $13 million. Neither the government nor the country as a whole presently has design and construction teams and projects on hand to use up this money. This is not a small matter. It would amount to more than $218 in expenditures for every Peruvian, the result of dividing more than $5,014 million among the 23 million people living in this country.

The election coffer which President Fujimori has is the largest which any presidential candidate has had in the history of Latin America. If Fujimori loses his reelection bid, it will not be the result of a lack of money but simply because so much money killed him with indigestion.

Navy Link to Narcotrafficker Ministro Alleged

94SM0288A Lima SI in Spanish 7-13 Mar 94 pp 32-35

[Article signed J.A.M.: "Ministro's Sailors"]

[Text] Yurimaguas, the most important river port on the lower Huallaga and one of the great entry points to Amazonia, is also one of the forest capitals around which today operates one of the most active drug trafficking bands.

The Huallaga river is navigable to deep-draught vessels up to this point. Beyond the port, upstream, traffic is limited to launches. Distances are measured in launch/hours. The principal product of traffic by this means is basic cocaine paste (BCP), gathered by the so-called "traqueteros."

A port captaincy operates in Yurimaguas, which is manned by a detachment of the Peruvian Navy. From August to October 1993, the period within which these events took place, the port captain was Navy First Lieutenant Victor Herrera Sheen. One of his deputies was AP [Peruvian Navy] Lieutenant Pedro Huarcaya Briceno.

Huarcaya and Herrera are the central figures in this account, provided voluntarily by a maritime officer [oficial de mar] to the Special Investigative Working Group on Drug Trafficking, appointed by the Constituent Democratic Congress (CCD). The investigative group is headed by Julio Castro Gomez of the Democratic Movement of the Left (MDI).

Telejo Airport

Leaving Yurimaguas going south on the Huallaga, after two hours one arrives at the village of Telejo. In August 1993—according to the testimony of the maritime witness to the CCD committee—a clandestine airport was constructed there under the benign gaze of his chiefs.

Shortly before 1993, through the intermediate ports of Garcilaso, Abel Guerra and La Boca, people noticed—and they noticed it because access to the port is open—heavy traffic in iron and cement from Yurimaguas to Telejo. Mention is made of frequent shipments (it is not specified whether daily or weekly) of 50 bags of cement. But there are no important building projects in Telejo. Then why so much building material?

"The boat owners and the pilots told us that it was for the airport," said the mariner.

The members of the CCD committee asked him specifically if he knew of BCP flights from Telejo.

"I knew of an initial flight about 30 days ago (calculating dates, this had to be about mid-September) and of a second flight Thursday at midnight (in mid-October), that is, with night navigation.

Between 40 and 50 men worked on the project. But who gave the order to build the airstrip?

The "Caletas"

The accuser also testified to an intense traffic of raw materials for the manufacture of BCP. He mentioned kerosene, carbonate, sulfuric acid, and calcium. The lieutenants observed this without reacting.

The enumeration of the delivery points for these materials by the accuser is interesting. Within the environs of Yurimaguas he indicated the settlement of Shitari, at 15 minute distance, and Santa Elena, Santa Maria, Santa Isabel and Dos de Mayo, within a similar radius.

At more remote distances—from two to three and a half hours—he mentioned Shucushuyacu, Yarina, Shazuta and Huimbayoc. The crude paste reaches these locations and is converted into refined paste. The places where these conversions take place are called "caletas."

All of these places centered around Huimbayoc form the domain of Waldo Vargas Arias, "capo" of the drug traffic, of Colombian nationality, better known under the nickname of El Ministro.

Which Authorities

The CCD committee asked the maritime officer for the names of the officials or authorities who knew of the activities he was revealing.

"...e only names of officers that I could give—he replied—would be those of Lieutenant AP Pedro Huarcaya Briceno and First Lieutenant AP Victor Herrera Sheen. Lieutenant Herrera is the port captain and Lieutenant Huarcaya, chief of personnel, reports to him daily."

The witness was asked whether he knew the version according to which the military authorities were providing security to the drug traffickers so that the airplanes could take off without problems.

"I had no knowledge of that, but I can add something. One can see—he declared—police officers as well as naval officers having meetings with people connected to the drug traffic. I can mention Mr. Miguel or Luis Farro.

This individual is known in the area as a "narco." He has several launches that travel all over the Huallaga. I have even seen two emissaries from El Ministro who came from Huimbayoc to visit my superiors."

Detachment in Yurimaguas

One of the premises of the maritime officer was that the activities of the "traqueteros" or collectors was by means of the launches.

"Did your immediate commander ever order an action against these 'traqueteros,' he was asked.

"We were never ordered specifically to intervene against 'traqueteros.' However, on one occasion we crossed the river to the Huimbayoc area, under the command of Lieutenant Huarcaya."

They departed in two launches at 0430, so as not to be seen. But the crossing took place without incident. When they reached Huimbayoc, Huarcaya deployed his people behind an island and ordered them to act. They proceeded to search everyone without distinction. Dollars were discovered, but no drugs. The lieutenant claimed that the money came from drugs and gave the order to seize it. Everyone turned over the proceeds to the chief. Lieutenant Huarcaya kept the booty until the return to Yurimaguas. Only then would he proceed to distribute it, according to the rank of each.

Meanwhile, the operation continued. "This is good, and we are going to stay," he ordered.

A brothel was operating in Huimbayoc, on the banks of the river, despite the explicit prohibition of the regulations. The naval witness said that the rule is as follows: the entire riverine zone is property of the state and no establishement of that type may operate there.

On that tropical night, Lieutenant Huarcaya was the special guest of a certain "Passion." The eight military personnel who accompanied him acted as security. The naval witness and accuser asserted that on that occasion, in addition to the pleasures provided by the service, "Passion" paid Lieutenant Huarcaya the sum of $2,000, so that the patrol would continue to turn a blind eye to the brothel's activities. This is what is stated in the testimony in the hands of the CCD's working committee.

Two caches were discovered in the village, the first of about 120 kg and the second of 100 kg of paste in the process of steeping, deposited in plastic drums.

"We must not get involved in problems. I am going to fix things with the secretary for discipline of the night patrol, Mr. Alegria aka 'Guitarron,' and with the president, Mr. Macedo," was the lieutenant's remark.

The detachment went to Yurimaguas. The amount collected was $2,800 ($800 seized on the island and $2,000 paid by "Passion"). Huarcaya tipped the senior technician $60, those beneath him in rank $40, and $20 to the corporal. The intelligence technician, Reynero Gallo, was the one who actually paid out the shares. And the rest of the booty? Naturally, there were comp'aints. "The matter is closed and do not test my patience," was how Lieutenant Huarcaya dealt with this issue.

"Do you know whether any of this money reached higher ranking personnel?" was an important question asked of the naval witness.

"No. The only officer of higher rank was Lieutenant Victor Herrera Sheen, who at that moment was in Lima. Lieutenant Pedro Huarcaya ordered the raid while he was alone. He did everything without informing the director of captaincies, Admiral Texeira, and without informing his superiors in Lima.

The CCD Special Investigative Working Group on Drug Trafficking, directed by Julio Castro Gomez, has been investigating the case since the end of October 1993.

[Box, p 35]

The Art of Escaping

Not only National Police personnel were involved in the escape of the Colombian drug trafficker called El Ministro, on May 1993, but also naval officers in charge of the Yurimaguas Port Captaincy.

Also involved in the illegal liberation of Waldo Vargas Arias, in exchange for a bribe of $100,000, were Navy Lieutenants Victor Herrera sheen and Pedro Huarcaya Briceno, officers who were in charge of the naval base at the port of Yurimaguas at the time.

This is what is emphatically stated by the maritime officer, who witnessed the events, and who decided late last year to present himself to the CCD Special Investigative Working Group on Drug Trafficking to tell the whole truth.

According to his testimony, two policemen whose names he does not know but who he could recognize, turned over to Navy Lieutenant Victor Herrera the sum of $8,000. The money was paid so that the naval officers would allow the departure without the required authorization of the boat or launch on which El Ministro, his companion, and two bodyguards made their escape.

A Navy quartermaster named Ramirez was an eye witness to the payment of $8,000 and it was he who communicated the fact to the rest of the personnel of the Captaincy. Quartermaster Ramirez also claimed that four days before the arrival in Yurimaguas of the PNP [Peruvian National Police] Investigative Commission, led by General Rodolfo Angeles, the policemen met with the commander of the Port Captaincy.

The Commission did not interview either of the two naval officers. Neither did any Navy inspection team investigate the incident. There is only the report of the appearance of a naval inspector who limited himself to

checking the Captaincy's administrative work, according to the version of the accuser that was provided to the CCD Working Group.

There is more. With regard to the various irregularities that have occurred at the Port Captaincy of Yurimaguas, the assistant technician of the naval police, Jaime Huaman, submitted a detailed report to the deputy chief of personnel in Lima. But the outcome was negative. Informed of the report, Lieutenant Herrera began to harass technician Huaman. The latter's report described the lack of surveillance of drug trafficking in the area and abuses of authority by the two officers.

Lieutenants Victor Herrera and Pedro Huarcaya continued on at the base in Yurimaguas until late last year, in spite of having exceeded the six-month period of assignment to the area established for officer personnel.

Uruguay

Cuba's Robaina Arrives on Official Visit

Leftist Broad Front Views Visit

PY0404224694 Madrid EFE in Spanish 1957 GMT 2 Apr 94

[Article by Jorge Figueroa]

[Text] Montevideo, 2 Apr (EFE)—The visit by Cuban Foreign Minister Roberto Robaina to Montevideo on 4 April has divided the Broad Front leftist coalition—the country's third-largest political force—and is threatening to cause an internal crisis just eight months before the general elections.

Diplomatic spokespersons have said that Robaina begins his tour in Montevideo that will include Argentina, Paraguay, and Peru "seeking to re-insert Cuba into the Latin American framework."

Francisco Rodriguez Camusso is a veteran Uruguayan legislator with several decades in Congress who in 1989 was elected deputy to represent a group that includes, among others, the communists. He said he will not participate in the session of the International Affairs Committee of the Chamber of Deputies which will receive Robaina on 4 April.

The committee comprises seven members; Rodriguez Camusso is the only representative of the Broad Front Coalition. He said: "I represent the Broad Front bloc on this committee, which fully supports the Leninist regime of Fidel Castro."

"I totally disagree with this and I would like to strongly discuss with Mr. Robaina the violations currently occurring in Cuba. This would mean contradicting the majority of my sector and for the sake of party discipline I will not participate in that session," the congressman added.

During the past few months he has been criticized by the most radical sectors of the Broad Front, which includes socialists, communists, Trotskyists, Leninists, independents, and former Tupamaro guerrillas, among others.

The decision not to participate in the session to honor the Cuban foreign minister and the congressman's harsh criticism of Castro's regime may provoke an internal crisis within the leftist coalition.

For the first time ever, the Broad Front in 1989 won the municipality of Montevideo where half the Uruguayan population live. Mayor Tabare Vazquez, a socialist and doctor, will be a presidential candidate in the 27 November elections.

The latest polls show the Broad Front currently in second place after the Colorado Party, which has traditionally governed and which is now the main opposition party ahead of the Blanco Party.

Robaina, 38, is the youngest foreign minister in Cuba's history. He will meet in Montevideo with Uruguayan President Luis Alberto Lacalle and with Tabare Vazquez. He will not meet with former Uruguayan President Julio Maria Sanguinetti—the leader of the Colorado Party who, according to the polls, is most likely to win the elections—because he is currently abroad.

During Sanguinetti's presidency (1985-1990), Uruguay renewed diplomatic relations with Cuba in October 1985, after a 20-year rupture.

Robaina Announces 'Open Market Policy'

PY0404222394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1839 GMT 4 Apr 94

[Text] Montevideo, 4 Apr (AFP-NA)—Cuban Foreign Minister Roberto Robaina Martinez announced today that his country will implement an open market policy. He stated that in a move to overcome the economic crisis that is weighing heavily on the island, Fidel Castro's administration will not "impose limitations" on the entry of foreign capital.

During a news conference Robaina pointed out that "our visit to Uruguay, as the first leg of a tour of the region, seeks to explain to Latin American rulers the reality of the Cuban situation and to announce the opening of our market to foreign capital."

Robaina acknowledged that the economic and social deterioration confronting Cuba has obliged its rulers to seek a way out by "implementing an open market policy and accepting that foreign capital—regardless of its origin—can invest in our country free from any constraints."

The Cuban foreign minister, who arrived in Montevideo on 4 April for a three-day official visit, was received by President Luis Alberto Lacalle at his private residence. They held a 30-minute talk.

Robaina said: "We discussed several subjects of Latin American interest, laying special emphasis on the reality that we Cubans are living through at present and on the possibility of enhancing bilateral trade."

Trade between Uruguay and Cuba is paralyzed due to the fact that the Castro administration has a $30 million debt with Uruguay that has been outstanding for four years. Robaina offered to repay this debt by "sending medicines and medical equipment" to Uruguay.

The young foreign minister said that "the most promising sectors for those investors who are interested in coming to Cuba are tourism, biotechnology, and agriculture."

Following his meeting with Lacalle, Robaina had luncheon with Liber Seregni, the leader of the leftist coalition, the Broad Front, and then had a meeting with Cubans residing in Uruguay.

The Cuban foreign minister's agenda also includes a meeting with his Uruguayan counterpart Sergio Abreu on 5 April. On the last day of his visit Robaina will deliver a speech before representatives from the 11 countries that make up the Latin American Integration Association (ALADI), which is headquartered in Montevideo.

Cuban Embassy spokesmen have reported that Robaina's tour, which started in Uruguay, will also include visits to Peru, Argentina, and Paraguay.

Robaina Urged To Democratize Cuba

PY0504231694 Madrid EFE in Spanish 1410 GMT 5 Apr 94

[Text] Montevideo, 5 Apr (EFE)—There were many demands to introduce the democratic system in Cuba during the first day of Cuban Foreign Minister Roberto Robaina's official visit to Montevideo. Robaina is seeking support for the Cuban regime.

Uruguay's President Luis Alberto Lacalle received Robaina for half an hour on 4 April, but made no comments on the meeting. Sources close to the president confirmed to EFE that one of the things the two officials discussed was the democratization of the Cuban regime.

Deputies from various parties also made comments in that regard. The Congressional International Affairs Committee held a one-hour meeting with the Cuban foreign minister behind closed doors. Deputies who attended the meeting, as well as members who did not, commented on the matter.

Out of a total of 12 committee members, three did not attend. The three said "they did not want to meet with the representative of a dictatorial regime."

The three legislators absent were Broad Front (leftist coalition) Deputy Francisco Rodriguez Camusso; committee chairman Oscar Magurno of the Colorado Party of former president and new presidential candidate Julio Maria Sanguinetti; and Colorado Party Deputy Daniel Garcia Pintos.

Among the deputies who attended the meeting, Hector Lezcano, of the Christian Democratic Party, said he told Robaina that the Cuban Government should "embark on a democratic opening program leading, in the near future, to the establishment of a multiparty system in the country."

Committee member and Colorado Party Deputy Guillermo Stirling said he attended the meeting because "talking is the best way to show leftist and right-wing radicals which is the best path."

Robaina answered that Cuba respects human rights, does not have political prisoners, and the government is willing to preserve the essential characteristics of what was achieved during the 34-year period that started on the date of the revolution.

Robaina admitted that the economic inefficiencies of the Cuban system have forced them to open their market to foreign investments, adding that economic changes on the island "continue day by day," and that today 100 companies already have investments in Cuba.

It was known that President Lacalle asked Robaina today about the debt of $33 million the Cuban Government has owed to Uruguayan entrepreneurs since 1986.

The Cuban foreign minister said that his country does not have the cash to pay back that debt, adding that Cuba could cancel the debt with pharmaceutical and sanitary products.

Robaina will be received today by his Uruguayan counterpart Sergio Abreu. The Uruguayan foreign minister has also publicly mentioned that he intends to remind Robaina about the need to repay the debt.

Robaina will stay in Montevideo until tomorrow, and will then visit Ecuador, Peru, Paraguay, and Argentina within the framework of his government's "Latin American offensive." This initiative seeks to obtain regional countries' support against the U.S. "blockade" and private investments in the island.

The Cuban foreign minister's youth and dynamism has prompted various communication centers to consider him as "President Fidel Castro's probable successor."

Venezuela

Caldera on Economic Problems, Special Powers

PA0604024794 Caracas Radio and Television Networks in Spanish 2300 GMT 5 Apr 94

[Speech by President Rafael Caldera at Miraflores Palace in Caracas—live or recorded]

[Text] Easter week has begun with good news. The reopening of Banco Latino and the performance of the people involved with that organization in the first days of the reopening have been truly impressive. They have given us reason to be optimistic. Many people involved with Banco Latino have expressed confidence in the institution; that is, they have expressed their confidence in the steps taken to make it serve the people. Some people have renewed their relationships with Banco Latino, thus proving that they believe the promise made to account holders, depositors, and all those who experienced moments of great anguish. A total of 98 percent of the people who had loans up to 10 million bolivares will receive reimbursement for virtually all their rights, properties, and interest.

Solidarity and joint efforts by the legislative and executive branches, the financial system, and all sectors of society have made this possible. It proves that solidarity is the answer to Venezuela's problems. I must say that in the name of that same solidarity, I hope we will soon appoint a banking superintendent and president of Fogade [Deposit Guarantee and Banking Protection Fund] and that we will also make the urgent modifications proposed for the banking deficit emergency law.

I must also say that the sacrifice that has been made, especially the great financial sacrifice of recovering Banco Latino and guaranteeing the financial system in general, was not done with money given to bankers, as some people have said. That money is to protect account holders and depositors, to prevent the same thing from happening to people who are involved with other banking institutions, to spare them the anguish of those who dealt with Banco Latino. We are making the sacrifice for them. Fogade has not contributed that money for nothing. It has done so to gain control of those institutions through equivalent properties to guarantee the financial system in general and so I can say today that Venezuelans can go to banks with the assurance that they will not be deprived of what is rightfully theirs.

I must also say that the punishments meted out to the people responsible for the Banco Latino disaster will not be the result of passing fancies but of the government's firm, persistent resolve; of my administration's pledge to execute every action compatible with the domestic and international de jure state to apply sanctions to the full extent allowed by circumstances and the law. They will serve as an example and keep such incidents from happening again.

We received more good news in the favorable solution of the problem of the soldiers awaiting trial. Practically all of them are free, and those who are not will soon be released. Everyone implicated in the 4 February action has received a presidential pardon in accordance with procedures that had to be maintained in deference to the military institutions. Soldiers who have returned from abroad are receiving dignified treatment and are enjoying freedom. Today I signed a document dropping the charges against 20 soldiers who had arrived from Peru and Ecuador. Eighteen of them will return to the Armed Forces, and the rest will join civilian life, where their civilian and political rights will be totally respected. I must say that the vast majority of them are convinced that their role is to make a positive contribution to our peace efforts. The country would not understand if those who have received pardons from Venezuela's democratic government were to become negative factors, incapable of recognizing, encouraging, promoting, or supporting the profound changes in the country.

The other problem we face is a very difficult one: the fiscal deficit. This problem has worsened with the deterioration of the oil market. Various factors are involved. Therefore, we must accept the measures proposed in the so-called Sosa Plan. This plan does not represent the national government's entire economic policy. It should be seen, however, as the first step in dealing with the problem in the near future. We can assure you that the same path followed in these short-term measures will be followed in long-term measures. In other words, we will maintain the tendency of placing the heaviest burden on those who can pay and of diminishing as much as possible the burden on those who are experiencing more economic difficulties.

Confronting the fiscal deficit and keeping the promise of eliminating the value-added tax from sales has undoubtedly required a great effort, but there has been great understanding. The initiative to establish a special powers law arose in Congress. I must admit that I have never favored special powers laws. I have often expressed distrust, from a legal standpoint, of institutions [institucion] such as these, which have been utilized during the past few administrations. In view of the situation I face, however, I have no right to tell the nation that I reject the powers bestowed upon me to decree, through that special powers law, the measures I have proposed to Congress and which I consider essential. Therefore, I am willing to assume my responsibility. I want to be given full powers. Since I have this great responsibility on my shoulders, I must have your confidence in taking this step, which is essential to implementing the economic policy we want. As we have said before, we want an economic policy that will create a competitive economy; an economy that will encourage investment and admit privatization when it is really advisable. We want an economy that will seek stability, that will struggle against inflation to meet our goals of reducing interest rates, which are so high, and of attaining the necessary monetary stability for our economy to prosper.

In this framework, we have proposed a bill, which we hope will be included in the special powers law, to facilitate the construction of large public projects through the contract system. We desperately need freeways, buildings, public services, and aqueducts, but the country's fiscal situation does not allow us to have them. We suffer when we see an urgent need for roads and essential services but we do not have the resources to make them a reality because our budget situation is truly very serious. This law, which will

allow us to call investors to build these projects and recover their money from user payments, is indispensable, fundamental, and essential.

Many other sectors require active guidance. For example, we desperately need tourism in Venezuela. Few countries in the world have Venezuela's positive qualities and propitious conditions for establishing a large tourist industry. Among other things, we must overcome the difficulties presented by our own people who do not understand the importance of tourism. We must firmly stop any type of attack, offense, or impropriety against tourists. When a taxi driver friend of mine, who has a right to improve his standard of living, tries to exploit a tourist by charging more than what is fair, he harms not only the tourist but the entire country. He is damaging an economic activity that the country needs.

We will also start to give more and better support to many other sectors. Mining is a very large and promising possibility in Venezuela. We have to work hard to further this sector. We will do so with actions that range from reconsidering the current mining laws to reviewing the systems used so far. We will also direct our efforts at agricultural recovery. This sector suffers from the effects of a number of shock [previous word in English] measures that were not implemented reasonably or gradually. They have caused damage that is hard to fix and which will take a great deal of work to rectify.

We are determined to support the small and intermediate firms. We will emphasize this sector because it is a large source of jobs, and jobs are what the country needs most.

There is also the neighborhood program. This program is the center of our concerns. We will start to work, with the resources we have available, in this sector very shortly.

The personal security situation has been a very difficult problem. We have, however, made some progress. For example, we managed to dismantle powerful bands of auto thieves. We have also started a purge process in the police corps. But we cannot begin a witch hunt or dismantle a corps that has many honorable, capable, and efficient people. The process will continue, and we will get the crime rates to drop. We must also reach the necessary agreements with state governors and mayors to achieve our goals in this sector.

The country is changing. There have been profound changes. There have been changes in public administration. There have been changes in public spending—although they must be bigger—as we managed to implement a few measures to cut fiscal expenses. The reordering of expenses, however, is a very difficult process in an excessively complicated budget such as Venezuela's. But we are working on it and we are making progress.

This is an austerity government. We have made important changes in the Armed Forces. We have made important changes in PDVSA [Venezuelan Petroleum] management, which is the most important private economic institution in the country. We are solving the jigsaw puzzle. We have an austere government. We have a government without thieves. If there are thieves and it is reported, they will be investigated, punished, and suspended. We do not want to jump into a void. We said this many times during our electoral campaign and we repeat it today. The country does not want to jump into the void. The country wants consistent, firm, permanent actions to achieve positive and thorough changes.

We are putting the puzzle together. We said more than once that Venezuela seemed like a puzzle with some pieces that did not fit. We are performing that task. We are cleaning house, which is more difficult than anyone can imagine. We want our country to prosper. We want our country to be successful and prosper steadily, not violently. We want to do it responsibly and firmly. To do so, we need the country's trust.

The country views with pleasure our message of a commitment to solidarity; that is, an economic solidarity commitment that can take us to a relative yet necessary and desirable stability that will guarantee real wages to fight inflation and that can stop the prices of basic necessities and medicines from rising. We are exploring all paths to find a remedy to the grave situation the population is facing. We need solidarity to achieve it. I am optimistic that we will achieve this solidarity. Each day we find more ways out of this situation. Those who refuse to understand this, those who criticize everything, and those who obstruct our goal are becoming more outdated by the day.

The country wants us to help it surmount this difficult situation. I know we are going to do it. The trust that returned to the country and that the population showed in view of Banco Latino's financial problem is a principle that is filling us with hope about the future of Venezuela.

I run into many people who ask what they can do. I reply that you can do a great deal by keeping faith, by promoting understanding, and by contributing just a little, because what lies ahead of us is big. We will not make it unless everybody joins forces. I want to insist on this. That is why I talk of the solidarity commitment. The economic theory of this government—economy ministers have insisted on this—is that all sectors reach a consensus, a basic agreement to ensure that all of us can protect ourselves from the anarchic and selfish attitude of many groups that want to harm the population. Venezuela is first and above us all. Each one of us, including the humblest individual, can contribute a lot. When a humble person says in front of television cameras that he has faith in the future of Venezuela, he is doing a very valuable service. I ask my compatriots to continue providing that service. We must continue to fight for the Venezuela we all love, for the Venezuela that has the full right to receive everyone's contribution to give it a better life. Thank you very much.

Bicameral Committee Approves Special Powers Bill

PA0504190894 Caracas Venezolana de Television Network in Spanish 1550 GMT 5 Apr 94

[Report by Jose Marcano and Ligia Moreno; from "The News" newscast]

[Text] [Marcano] The National Congress Bicameral Committee has approved the report submitted by the Chamber of Deputies Finance Committee on the draft of the special powers bill, which grants special powers to the president on economic and financial matters; thus, the first discussion of this draft bill began in the lower chamber.

As known, the draft of the special powers bill was presented by the Democratic Action Party and was endorsed by the Movement Toward Socialism [MAS]. We have consulted both sides, given the draft bill will be approved within days.

[Begin recording] [Carmelo Lauria, president of the Chamber of Deputies] We maintained in the Finance Committee that it was necessary to give the government special powers, so it could quickly approve its tax reform; this was in response to what the government has raised, that the current economic situation had led it to suspend economic guarantees, something that is never desired. In addition, the finance minister had said if the tax law was not approved quickly, super-devaluation could occur.

[Segundo Melendez, director of the MAS parliamentary wing] We believe that in such circumstances approval of this law must be expedited, so the government can adopt whatever decisions are needed; in addition, we have pointed out that because the opposition has admitted the seriousness of the crisis we are experiencing and the urgency of it all, it is necessary to have these powers expanded in general to include economic matters. [end recording]

[Marcano] Regarding the special powers bill, the Social Christian Party, COPEI, established its position yesterday in the National Executive Committee. Our colleague Ligia Moreno has the following report:

[Moreno] COPEI, through the National Committee, expressed its total support to the president of the Republic. The National Committee of COPEI agreed to vote for the inclusion of the tax measures in the special powers law; this would generate more revenue and cover the tax on wholesale activities, the tax on luxury products, the law granting concessions for public projects, and modify when the national public income and expenditure budget would have to be presented, bearing in mind the reforms to the tax code and income tax law.

[Begin recording] [Jose Curiel, COPEI secretary general] These measures are important but require a supreme will on the government's part to have them carried out. COPEI is ready to lend its support, as it has done in the past, to join this vast agreement. [end recording]

[Moreno] Jose Curiel said bringing Venezuela out of its current crisis is a task for all Venezuelans, and, therefore, his party is supporting the existing system in our country.

Roundup of Economic Developments

PA0504144994

[Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored through 5 April.

Venezuelan inflation reached 2.8 percent during March, according to a report issued by the Venezuelan Central Bank. The source has said the main contributor was household goods, followed by food, liquor, and tobacco. In the first three months of 1994, accumulated inflation was 9.3 percent, a slightly higher figure that that registered for the same period last year. (Hamburg DPA in Spanish 1442 GMT 2 April 94)

Venezuelan oil officials have said oil production levels will remain unchanged. Following two days of discussions in Geneva, Erwin Arrieta, mines and energy minister, announced OPEC expects to counter falling prices. He also announced that Venezuela has nominated Alirio Parra as a candidate for secretary general and that the election will be held at the next OPEC conference. (Caracas EL NACIONAL in Spanish 27 March 94 p-E2)